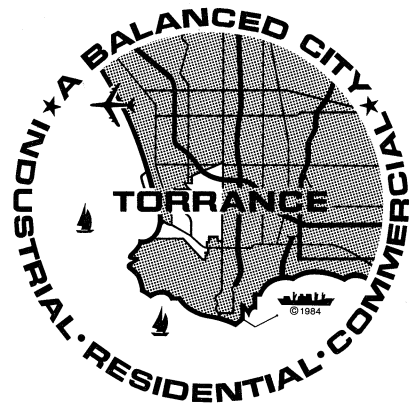


CITY OF TORRANCE

2ND QUARTER (MID-YEAR) BUDGET REVIEW



2005-06

AGENDA

FINANCE AND GOVERNMENTAL OPERATIONS COMMITTEE

Date: Tuesday, March 7, 2006
Time: 5:00 PM
Place: Council Chambers
Committee Members: Councilman Frank Scotto, Chair
Councilwoman Pat McIntyre, Member
Councilwoman Hope Witkowsky, Member
Subject: 2005-06 2nd Quarter (Mid-Year) Budget Review

OPENING REMARKS	Chair Frank Scotto
INTRODUCTION	Mary Giordano Assistant City Manager
OVERVIEW	Eric E. Tsao Finance Director
INVESTMENT STATUS	Linda Barnett City Treasurer
QUESTIONS & DISCUSSION	Committee/Audience
SUMMARY	Mary Giordano
CLOSING REMARKS	Chair Scotto

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Honorable Chair and Members
of the Finance and Governmental Operation Committee
City Hall
Torrance, California

Members of the Committee:

Subject: Mid-Year 2005-06 Budget Review

RECOMMENDATION

The City Manager and the Finance Director recommend that the following items be approved by the Finance and Governmental Operations Committee and recommended to the Council for action:

- Accept the Mid-Year 2005-06 Budget Review Report
- Accept the City Treasurer's Investment Report
- Approve the program modification for the Fire Department

EXECUTIVE SUMMARY

Revenues for mid-year are projected to meet budget estimates and expenditures for the City are well within budgeted guidelines. As of mid-year, all departments are within budget projections and are projected to be at or below budget by fiscal year end.

As reported earlier, Torrance continues to have a strong underlying economy. The City's tax and economic base includes a mix of high-end residential properties and a sizable commercial and retail component, as evidenced by the City's high per capita retail sales of 210% of U.S. averages. The City has a large property tax base of \$16.7 billion in fiscal 2004, growing 34% over the past 4 years. Wealth and income indicators are above average, with a per capita effective buying power of 121% of the national level and a median household income at 128% of the national level with median home values near \$500,000.

People often say that if the U.S. economy sneezes the World economy catches a cold. The same could be said about the State of California. The gross product, which is broadly defined as the output of goods and services, of California would rank 8th in the world right behind China. The

Gross Product Comparisons, 2004

All nations with gross product over US\$300 billion

Rank	Country/Economy	GDP (US\$bil.)
1	United States	\$ 11,733.5
2	Japan	4,668.4
3	Germany	2,706.7
4	United Kingdom	2,125.5
5	France	2,018.1
6	Italy	1,680.7
7	China * (excluding Hong Kong & Macao)	1,649.4
	California	1,524.9
8	Canada	995.8
9	Spain	993.0
	Los Angeles 5-County Area	703.3
10	South Korea	681.5
11	Mexico	676.5
12	India	661.0
13	Australia	617.6
14	Brazil	599.7
15	Russia	582.7
16	The Netherlands	578.0
	Los Angeles County	408.0
17	Switzerland	358.0
18	Belgium	352.0
19	Sweden	346.5
20	Taiwan	305.2
21	Turkey	300.1

Note: Most of the changes in ranking came from exchange rate fluctuations.

Sources: IMF (WEO Database, 9/2005), LAEDC estimates

California gross product represents about 13% of the U.S. economy. The five-county area of Southern California which includes Los Angeles, Orange, Riverside-San Bernardino, San Diego, and Ventura would rank 10th behind Canada and Spain and Los Angeles County alone would rank 17th behind Russia and the Netherlands.

Budget Outlook

The economic forecast for California continues to project moderate economic growth. The Los Angeles County Economic Development Corporation (LAEDC) characterizes the California economy as "steady as she goes". Overall, there is not a great deal of variation among recent forecasts by the Legislative Analyst's Office (LAO), University of California at Los Angeles (UCLA) and the State's Department of Finance (DOF). However, it is interesting that the projections from the DOF are consistently more optimistic than both UCLA, which appears more conservative, and LAO which is in-between. Only time will tell to see whose forecast is most accurate.

The State's budgetary outlook has improved and benefited greatly from an over \$11 billion three year revenue increase since the 2005-06 budget was enacted. The Legislative Analyst Office latest forecast on the State budget has the current 2005-06 fiscal year expenditures exceeding revenues by \$2.6 billion, leaving a \$6.5 billion in the reserve. If the Governor's proposed 2006-07 budget was fully adopted, the State would end with a reserve of \$2.6 billion or \$2 billion more than assumed in the Governor's budget. However, in 2007-08 and 2008-09 the State would continue to have a structural deficit of \$4 billion and \$5 billion respectively.

Budgetary Concerns

Fuel Costs

The cost of fuel directly impacts the City's budget. An increase or decrease in a gallon of fuel by \$0.10 will translate to about \$87,500 because the City consumes approximately 850,000 gallons of diesel fuel and 25,000 gallons of unleaded fuel per year. The majority of the diesel fuel, 555,000 gallons, is used for the City's Transit buses. During the calendar year 2003, diesel and unleaded fuel had an average cost of \$1.16 and \$1.42 per gallon respectively. In 2004 average fuel costs for diesel and unleaded were \$1.60 and \$1.77 gallon respectively, an increase of 38% and 25%. At the height of the 2005 hurricane season, diesel and unleaded fuel hit \$2.75 and \$2.73 respectively. Current prices of \$2.16 for diesel and \$2.21 for unleaded, though still high, are much more manageable. The current projection of fuel costs for the General Fund and Transit Operations that fuel will both exceed their budget by approximately \$200,000 and approximately

Summary of Economic Outlook			
Forecast			
	2005	2006	2007
United States Real GDP:			
UCLA December	3.6	2.8	2.5
DOF January	3.6	3.2	3.0
LAEDC February	3.5	3.3	3.1
LAO February	3.5	3.3	2.9
Payroll Jobs			
UCLA December	1.6	1.1	0.8
DOF January	1.4	1.3	1.3
LAEDC February	1.4	1.5	1.4
LAO February	1.6	1.5	1.5
California Personal Income			
UCLA December	6.2	5.2	4.5
DOF January	6.0	5.8	5.5
LAEDC February	6.0	6.1	5.9
LAO February	6.3	5.7	5.5
California Taxable Sales			
UCLA December	6.9	5.1	4.0
DOF January	5.3	4.9	5.0
LAEDC February	9.6	9.4	8.7
LAO February	6.5	5.3	5.4
Consumer Price Index			
UCLA December	3.6	2.9	2.1
DOF January	3.9	3.6	3.0
LAEDCO February	3.4	2.8	2.4
LAO February	4.0	2.8	2.1

\$100,000 for all other funds. The City set aside \$300,000 to cover current year fuel increases not including Transit operations. Transit continues to implement operational changes to reduce fuel consumption and stream lined all other areas of their budget to ensure Transit at year-end will overall be within budget parameters.

Workers' Compensation

Prior to the 2004-05 fiscal year, the cost of workers' compensation has grown significantly over the last few years. However, in 2004-05 and the early part of 2005-06 the City reduced medical, temporary and permanent disability and other expenses for workers' compensation by \$1.8 million due to the implementation of elements of workers' compensation reform. Should this trend continue, this reduction will bring this fund more into balance and require less funds from year end carryover.


On a more optimistic note, revenues are strong at this time and will meet budget projections for the current fiscal year. If current fiscal year receipts continue their strong trend, projected revenues for the 2005-06 fiscal year will likely be revised to reflect slightly higher receipts.

Respectfully submitted,



Eric E. Tsao
Finance Director

CONCUR:


LeRoy J. Jackson
City Manager

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**2005-06 BUDGET ANALYSIS
PERIOD SEVEN
GENERAL FUND REVENUE STATUS
(Schedule A)**

The General Fund fiscal year 2005-06 budget estimate for revenues is \$145,073,173 of which \$71,247,850, or 49.1%, was received through January 7, 2006, compared to 46.5% in the prior year. The change in percentage receipts between the current and last year of 2.6% is discussed in more detail by revenue categories listed below.

The following schedules present the City's key revenue sources with comments as to their realization potential and a projection of under or over realization compared to budget by fiscal year-end.

	2004-05 As of 1/08/05 Actual	2005-06 Budget	2005-06 Received as of 1/07/06
Tax Revenues:			
Property Tax	\$16,666,461	\$36,961,680	\$18,249,826
Sales and Use Tax	15,233,110	31,360,000	15,837,742
Prop 172 Sales Tax	652,065	1,219,000	687,994
Utility Users Tax	16,157,493	33,689,000	16,987,326
Business License Tax	1,178,159	7,361,000	1,215,223
Franchise Tax	657,602	4,437,000	708,102
Occupancy Tax	3,174,425	6,499,000	3,415,244
Other Taxes	<u>734,911</u>	<u>1,902,500</u>	<u>1,283,938</u>
	<u>\$54,454,226</u>	<u>\$123,429,180</u>	<u>\$58,385,395</u>

Property Tax: As of fiscal period seven, FY 2005-06 actual receipts totaled \$18,249,826 or 49.4%, compared to 45.9% during the same period last year. Secured property tax for the year is reflecting growth caused primarily from construction activity in prior years while unsecured property tax revenue is remaining constant. Overall, property tax revenues are above last year receipt levels but are still within budget projections. The current budget was increased by \$1.6 million to anticipate the growth activities; however, actual receipts are outpacing budget projections. This revenue source is being closely monitored as it is expected to reflect a positive variance at fiscal year end.

Sales Tax: Sales tax is the City's largest revenue source in the General Fund. Sales tax revenues are derived from multiple sources.

The following segment information is being provided as a tool to assist Council in understanding the source of the City's sales tax revenues.

Sales Tax by Category July 2005 – September 2005		Sales Tax by Economic Segment July 2005 - September 2005	
Category	Percentage	Segment	Percentage
Auto Sales - New	23.8%	General Retail	34.1%
Department Stores	11.9%	Transportation	32.2%
Miscellaneous Retail	7.2%	Business to Business	15.5%
Restaurants	8.1%	Food Products	11.6%
Office Equipment	4.4%	Construction	6.1%
Apparel Stores	5.1%	Miscellaneous	0.5%
Furniture/Appliance	6.7%		
Light Industry	3.8%		
Service Stations	5.1%		
Bldg. Materials - Retail	5.0%		
Leasing	4.6%		
All Others	14.3%		
TOTAL	100.0%	TOTAL	100.0%

The fiscal year 2005-06 sales tax budget estimate is \$32,579,000 which is 9.4% more than last year's budget. As of fiscal period seven, actual sales tax revenue received was \$16,525,736 or 50.7% of the budget estimate, compared to 53.7% during the same period last fiscal year. At present, sales tax revenue is 3% lower than last year. The cause for the decline is directly related to an over-allocation of property tax revenues of \$1.6 million which impacts sales tax revenues by way of the triple flip formula. In fiscal year 2004-05, the State over allocated property tax revenues to cities. Torrance over allocation was approximately \$1.6 million. The State decided to correct the over-allocation by taking cities sales tax revenues in fiscal year 2005-06. In January 2006, the State took the \$1.6 million. Because of the action taken by the State, this revenue source will be closely monitored to determine if budget projections will be realized.

Utility Users' Tax: Utility Users' Tax (UUT) is the City's second largest revenue source in the General Fund. UUT is a tax applied on consumption of utilities such as gas, electric, water, etc. Due to the volatility of the use of the various utilities, the Finance Department has included a more detailed perspective of this revenue source to better inform the readers of this report.

Utility Users' Tax	Budget 2005-06	Actual Receipts	% of Budget 2005-06
Electricity	\$ 15,165,795	\$ 7,800,325	51.4%
Gas:			
Refineries	4,134,435	2,345,295	56.7
Other	3,183,682	1,306,054	41.0
Water	1,496,357	778,880	52.1
Cable	1,451,456	751,101	51.7
Telecom/Cellular	8,254,204	4,004,449	48.5
Miscellaneous	3,071	1,222	39.8
Total	\$ 33,689,000	\$ 16,987,326	50.4%

The fiscal year 2005-06 budget estimate of \$33,689,000 is 7.3% more than the 2004-05 budget. For fiscal period seven, actual receipts totaled \$16,987,326, or 50.4%, compared to 50.3% during the same period last year. Utility Users' Tax Revenue is comprised of multiple component elements. The individual component elements are highly sensitive to consumer utility user habits which fluctuate throughout the year and, as such, the component items vary from their respective budget levels but in the aggregate they are directly comparative to last year's actual receipt rates. Two component elements that will be closely monitored are natural gas and electricity. Currently, the price of natural gas is higher than last year and is projected to remain slightly higher through fiscal year-end. In addition, revenue from electricity is expected to increase in the latter half of this fiscal year due to an overall rate increase of approximately 17% approved by the California Public Utility Commission. As of fiscal period seven, this revenue source is projected to equate or slightly exceed budget.

Business License Tax: The fiscal year 2005-06 budget estimate is \$7,361,000 which is 3.0% higher than the 2004-05 budget. As of fiscal period seven, \$1,215,223, or 16.5%, has been received, compared to \$1,178,159 or 16.1% the prior year. Annual bills for business license are mailed in mid December and funds are substantially received in January and February. Budgeted projections remain realistic.

Franchise Payments: Franchise payments are received in the fourth quarter of each fiscal year. As of period seven, 16.0% was received compared to 14.8% last year. At this time, it is expected that the budget for franchise payments will be realized.

Occupancy Tax: As of fiscal period seven, 52.6% of the budget estimate has been received, compared to 49.2% in the prior year. The slight increase of 3.4% is derived from increased room rentals due to room rate increases and more available rooms. At present, budget is expected to be achieved.

	2004-05 As of 1/08/05 <u>Actual</u>	2005-06 <u>Budget</u>	2005-06 Received as of <u>1/07/06</u>
License and Permits:	\$ 1,223,274	\$ 2,105,740	\$ 1,122,775

The fiscal year 2005-06 budget estimate of \$2,105,740 represents a 25.1% increase from last year's budget. The budget was increased, as demand for construction continues. As of fiscal period seven, 53.3% of the budget estimate has been received, compared to 48.9% in the prior year. The slight increase in collections is primarily caused by construction activity in the City reaching its peak demand and now tapering off. At this time, license and permit revenues are expected to equate or slightly exceed budget.

	2004-05 As of 1/08/05 <u>Actual</u>	2005-06 <u>Budget</u>	2005-06 Received as of <u>1/07/06</u>
Revenues from Other Agencies:			
State Motor Vehicle Licenses	\$ 579,166	\$ 2,085,000	\$ 1,637,894
Other Revenues from Agencies	<u>139,700</u>	<u>279,070</u>	<u>110,167</u>
	\$ 718,866	\$ 2,364,070	\$ 1,748,061

Motor Vehicle-In-Lieu: The actual receipt rate as of fiscal period seven 2005-06 is 78.6%, which is 17.4% greater than last year receipt rate of 61.2%. The percentage increase of 17.4%

is somewhat distorted as it includes a one time loan repayment made by the State of California to the City of Torrance in August 2005 in the amount of \$2.4 million, which one half (\$1.2 million) was budgeted to be received in fiscal year 2005-06 and the remaining \$1.2 million was expected to be received in fiscal year 2006-07. The early receipt of the loan repayment distorts the percentage received calculation; however, when adjusting the percentage (removing the loan payment from the calculation) the true receipt rate reflects a 49.5% collection rate, which is lower than last year's but equivalent to budget projections. This revenue source is projected to reach budget estimates at year-end.

Other Revenues from Agencies: This revenue consists of subventions from the State for the homeowners' property tax exemption, budgeted at \$250,000 and Other State Revenue, budgeted at \$29,070. At present, budgeted revenues are expected to be realized.

	2004-05 As of 1/8/05 <u>Actual</u>	2005-06 <u>Budget</u>	2005-06 Received as of <u>of 1/07/06</u>
Fines and Forfeitures:	\$ 654,767	\$ 1,180,000	\$ 801,898

This revenue source is an estimate of general court, traffic fines, and parking citation income the City will receive. As of period seven, 68.0% has been received compared to 49.1% last year. This revenue source is derived from traffic fines, DUI's, parking fees etc. For fiscal year 2005-06, the annual budget is expected to be achieved.

	2004-05 As of 1/8/05 <u>Actual</u>	2005-06 <u>Budget</u>	2005-06 Received as of <u>1/07/06</u>
Use of Money and Property:			
Investment Earnings	\$ 521,767	\$ 1,186,000	\$ 847,349
Other	<u>276,522</u>	<u>535,000</u>	<u>285,779</u>
	<u>\$ 798,289</u>	<u>\$ 1,721,000</u>	<u>\$ 1,133,128</u>

Investment Earnings: The actual receipt rate through period seven of fiscal year 2005-06 is 71.4%, compared to 33.4% for the same period of fiscal year 2004-05. The increase in revenues received is primarily due to the State of California's early repayment of a loan to the City in the amount of \$2.4 million in August 2005. The early repayment of the loan results in the City having higher cash balance to invest. Additionally, interest rates for investments are approximately .5 to 1.0% higher than last year. This revenue source is expected to exceed budget estimates by approximately \$100,000.

	2004-05 As of 1/8/05 <u>Actual</u>	2005-06 <u>Budget</u>	2005-06 Received as of <u>1/07/06</u>
Charges for Current Services:			
Construction/ Engineering &			
Other Charges for Service's	\$ <u>2,995,131</u>	\$ <u>6,835,983</u>	\$ <u>3,309,226</u>

Other Charges: This category summarizes construction-related fees, engineering fees, library fines, fire fees, etc. Actual revenues as of fiscal period seven are at 48.4% of the budget

estimate, compared to 46.1% in the prior year. These revenues are expected to remain constant resulting in the budget being achieved.

	2004-05 As of 1/8/05 <u>Actual</u>	2005-06 <u>Budget</u>	2005-06 Received as of <u>1/07/06</u>
Other Revenues:	<u>\$ 3,990,239</u>	<u>\$ 7,437,200</u>	<u>\$ 4,747,367</u>

This category represents miscellaneous revenues to the City not categorized into specific revenue types. As of period seven, budget is expected to be realized.

	2004-05 As of 1/8/05 <u>Actual</u>	2005-06 <u>Budget</u>	2005-06 Received as of <u>1/07/06</u>
Total General Fund Revenues:	<u>\$ 64,834,792</u>	<u>\$ 145,073,173</u>	<u>\$ 71,247,850</u>

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Expenditure Overview:

All General Fund departments and Enterprise Funds are within budget as of period 7 (ended January 7, 2006), exclusive of encumbrances.

Internal Service Funds include the Fleet Services and Self-Insurance Funds. The Fleet Services Fund is within budget but the Self Insurance Fund is slightly over their budget as of midyear. However, the Self-Insurance Fund is projected to be within budget as of fiscal year-end.

A discussion of General Fund expenditures is shown below. Also shown are the Enterprise and Internal Service Fund Financial Statement Summaries (Revenues and Expenditures Budget to Actual) as of period seven compared to last fiscal year.

GENERAL FUND EXPENDITURES

The General Fund budget expenditure level for the fiscal year is \$150,640,467 of which \$73,295,402 has been expended at January 7, 2006. Expenditures are 48.7% of budget at January 7, 2006, compared to 52.2% in the prior year. By category of expenditure, the expenditure levels are as follows:

	Fiscal Year <u>2005-06</u>	Fiscal Year <u>2004-05</u>
Salaries and Benefits	49.7%	51.3%
Materials, Supplies, Services	45.7%	54.3%

The departments' salary and benefit expenditure percentages are comparative to the prior fiscal year. The expenditure percentage for materials, supplies and services are lower than the prior year due to a lower amount transferred to the Capital Improvement Fund this fiscal year. Last year, the City refunded bonds and transferred \$6 million to the Capital Improvement Fund for capital projects. No such transfer occurred this fiscal year.

Specific comments regarding departmental expenditures are presented in the individual department tabs. Departments were requested to comment on unusual expenditure patterns defined as a variance at the character level of plus or minus 5% and \$10,000.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one City department to other departments of the City and to other governmental units on a cost-reimbursement basis. The City currently has two Internal Service Funds: Self-Insurance and Fleet Services. The Self-Insurance Fund is used to finance and account for the City's risk management, workers' compensation claims, liability claims and self-insurance programs. The Fleet Services Fund is used to finance and account for the City's Fleet Services operations and vehicular equipment maintenance and replacement fund.

The following summary compares period 7 results to budget estimates. Financial statements for each Internal Service Fund are presented in Schedules D through E-2.

SELF INSURANCE FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2005-06</u>	<u>Fiscal Year 2004-05</u>
Self-Insurance				
Revenues	\$ 2,402,688	\$ 1,251,653	52.1%	52.7%
Expenses	(4,197,253)	(2,505,387)	59.7%	60.3%
Operating income (loss)	(1,794,565)	(1,253,734)		
Operating transfers in	920,000	433,845	47.2%	100.0%
Operating transfers out	(174,758)	(171,056)	97.9%	53.8%
From fund balance	1,049,323	990,945		
Net income (loss)	\$ -	\$ -		

Actual revenues are within budget as of period 7. Expenses this year are comparable to last year. Expenses are over the 52.3% percentage expired as of period 7 due to annual insurance premiums paid at the beginning of the fiscal year. Operating transfers in include a \$369,228 subsidy from General Fund and a \$64,617 transfer from Transit Fund as of period 7. The transfer from the Transit Fund represents the first year of the partial repayment of 2 huge settlements that Self Insurance paid last fiscal year for Transit. This repayment is payable to the Self Insurance Fund in five years.

FLEET SERVICES FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2005-06</u>	<u>Fiscal Year 2004-05</u>
Fleet Services				
Revenues	\$ 5,395,655	\$ 2,797,117	51.8%	48.9%
Expenses	(5,374,171)	(2,484,706)	46.2%	53.0%
Operating income (loss)	21,484	312,411		
Non operating rev (exp)	180,464	133,039	73.7%	52.8%
Operating transfers in	475,146	267,456	56.3%	100.0%
Operating transfers out	(16,400)	(8,831)	53.8%	91.4%
Vehicle Acquisitions	(2,931,697)	(626,736)	21.4%	16.9%
From fund balance	390,503	-		
Add: Depreciation	1,880,500	824,745		
Change in cash available after vehicle acquisition and depreciation	\$ -	\$ 902,084		

Fleet Services revenues as of period 7 include July through December revenues. The revenues from January 1 through January 7, in an amount of \$106,000, will be posted in period 8. Expenses are within budget as of the second quarter. However, vehicle acquisitions are only at 21.4% as of period 7 but Fleet Services is projecting to spend the rest of the vehicle acquisition budget as of year end. A subsidy of \$450,000 from the General Fund is budgeted for this fiscal year. As of period 7, \$242,310 of this subsidy was received.

ENTERPRISE FUNDS

Enterprise Funds are used to account for fee-supported businesses operated by the City. Net earnings of these funds provide working capital for maintenance and the betterment of equipment and fixed assets of the business. The following summary compares second quarter results to budget estimates. Financial statements such as the Balance Sheet, Statement of Revenues and Expenses and Cash Flow Statement for each Enterprise Fund are presented in Schedules F through M-4.

AIRPORT FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2005-06</u>	<u>Fiscal Year 2004-05</u>
Airport Fund				
Revenues	\$ 8,365,080	\$ 4,785,180	57.2%	56.8%
Expenses	(4,922,167)	(2,515,189)	51.1%	50.7%
Operating income (loss)	3,442,913	2,269,991		
Non operating rev (exp)	(183,379)	(57,907)	31.6%	70.1%
Operating transfers out	(2,455,463)	(1,322,173)	53.8%	53.9%
Net income (loss)	\$ 804,071	\$ 889,911		

The Airport Fund has two separate sub-funds to facilitate monitoring financial operations between aeronautical and non-aeronautical functions. Total revenues and expenses, budget vs. actual as of period 7 are shown below:

AERONAUTICAL

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2005-06</u>	<u>Fiscal Year 2004-05</u>
Airport Fund-Aeronautical				
Revenues	\$ 3,135,000	\$ 1,845,636	58.9%	57.7%
Expenses	(2,975,812)	(1,491,253)	50.1%	49.1%
Operating income (loss)	159,188	354,383		
Non operating rev (exp)	(223,379)	(120,281)	53.8%	53.8%
Operating transfers out	(11,200)	(6,031)	53.8%	59.5%
Net income (loss)	\$ (75,391)	\$ 228,071		

The aeronautical sub-fund reflects airfield operations. The actual revenues of Airport aeronautical sub-fund as of period 7 are higher than the 52.3% percentage expired due to the rental fee revenues being received at the first of each month. Period 7 revenues included the full month of January. Actual expenses are within budget as of the second quarter.

NON AERONAUTICAL

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2005-06</u>	Fiscal Year <u>2004-05</u>
Airport Fund-Non Aeronautical				
Revenues	\$ 5,230,080	\$ 2,939,544	56.2%	56.2%
Expenses	(1,946,355)	(1,023,936)	52.6%	53.1%
Operating income (loss)	3,283,725	1,915,608		
Non operating rev (exp)	40,000	62,374	155.9%	31.0%
Operating transfers out	(2,444,263)	(1,316,142)	53.8%	53.8%
Net income (loss)	<u>\$ 879,462</u>	<u>\$ 661,840</u>		

The non-aeronautical sub-fund reflects the leasing of commercial property outside of the airfield boundary. Revenues and expenses are within budget as of period 7 and are comparable to last year. The non operating revenue represents interest earnings during the quarter.

TRANSIT FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2005-06</u>	Fiscal Year <u>2004-05</u>
Transit Fund				
Revenues	\$18,833,874	\$ 8,238,831	43.7%	42.6%
Expenses	(21,148,491)	(10,322,699)	48.8%	49.9%
Operating income (loss)	(2,314,617)	(2,083,868)		
Operating transfers (net)	(156,583)	(84,767)	54.1%	61.5%
From fund balance	323,200	1,035,178		
Add: Depreciation	2,148,000	1,133,457	26.8%	63.5%
Net income (loss)	<u>\$ -</u>	<u>\$ -</u>		

The Transit Fund uses Proposition A and C funds to supplement operating revenues. Revenues as of period 7 are lower than budget primarily due to the capital maintenance revenues that are budgeted at \$2.1 million this year but expected to be received by the end of the fiscal year. Expenses are within budget as of period 7, however, fuel costs are projected to be approximately \$250,000 higher than budget by year-end. This will be offset by savings from salaries, materials, and professional services.

WATER FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2005-06</u>	Fiscal Year <u>2004-05</u>
Water Fund				
Revenues	\$ 21,349,300	\$ 11,115,149	52.1%	52.3%
Expenses	(21,042,292)	(10,901,065)	51.8%	47.0%
Operating income (loss)	307,008	214,084		
Non operating rev (exp)	205,300	152,713	74.4%	21.2%
Operating transfers out	(28,999)	(17,276)	59.6%	62.7%
Net income (loss)	<u>\$ 483,309</u>	<u>\$ 349,521</u>		

Revenues and expenses are within budget as of period 7. Non-operating revenues represent interest earnings as of the second quarter. This is projected to be higher than budget by fiscal year-end.

EMERGENCY MEDICAL SERVICES FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2005-06</u>	<u>Fiscal Year 2004-05</u>
Emergency Medical Services Fund				
Revenues	\$ 857,000	\$ 432,668	50.5%	70.7%
Expenses	(7,520,168)	(3,695,055)	49.1%	45.5%
Operating income (loss)	(6,663,168)	(3,262,387)		
Operating transfers in	6,663,168	3,262,387	49.0%	53.8%
Net income (loss)	\$ -	\$ -		

The Emergency Medical Services Enterprise Fund was created in fiscal year 2003-04. The revenue sources of this fund are the Fire Advanced Life Support Response (ALS) and Transport fees, the Medical Re-Supply fee and the Paramedic Medical Facility fees. Revenues are at 50.5% of budget as of period 7 because there were receipts from an ambulance company that are second quarter receipts in the amount of \$26,036. If these revenues were received in period 7, the percentage of actual revenues to budget is at 53.5%. Expenses are within budget and this fund received a subsidy of \$3,262,387 from General Fund as of period 7.

SANITATION FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2005-06</u>	<u>Fiscal Year 2004-05</u>
Sanitation Fund				
Revenues	\$ 9,315,000	\$ 5,063,253	54.4%	56.5%
Expenses	(10,057,467)	(4,751,401)	47.2%	47.1%
Operating income (loss)	(742,467)	311,852		
Non operating rev (exp)	40,000	84,070	210.2%	165.2%
Operating transfers in	75,000	40,385	53.8%	53.8%
From fund balance	627,467	-		
Net income (loss)	\$ -	\$ 436,307		

The Sanitation Fund was created in the latter part of fiscal year 1992-93 to account for the refuse, recycling, waste management AB 939, and sewer maintenance operations. There was an increase in sanitation fee services that was approved in 2002-03. The fee was increased to maintain the current level of service and to purchase replacement containers, and to fund vehicle and equipment needs over the next five years. Revenues and expenses are within budget as of period 7.

CULTURAL ARTS CENTER FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2005-06</u>	<u>Fiscal Year 2004-05</u>
Cultural Arts Center Fund				
Revenues	\$ 703,000	\$ 353,854	50.3%	54.0%
Expenses	(1,815,351)	(860,249)	47.4%	47.8%
Operating income (loss)	(1,112,351)	(506,395)		
Non operating rev (exp)	98,200	40,301	41.0%	50.5%
Operating transfers in	782,993	422,958	54.0%	53.8%
Operating transfers out	(11,700)	(6,300)	54.0%	53.8%
From fund balance	242,858	49,436		
Over (under) subsidy	\$ -	\$ -		

The Cultural Arts Center revenue sources come from rental of meeting rooms, classrooms and theater. Revenues are at 50.3% of budget as of period 7 due to \$17,034 of revenues related to period 7 but received after the period closed. If these revenues were received in period 7, the percentage of actual to budget would have been at 52.8%. Expenses are within budget as of period 7. This fund received \$422,958 subsidy from the General Fund.

SEWER FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2005-06</u>	<u>Fiscal Year 2004-05</u>
Sewer Fund				
Revenues	\$ 1,486,500	\$ 787,591	53.0%	57.7%
Expenses	(1,862,268)	(828,110)	44.5%	15.7%
Operating income (loss)	(375,768)	(40,519)		
Non operating rev (exp)	180,000	186,550	103.6%	92.7%
Operating transfers out	(75,000)	(40,385)	53.8%	54.4%
From fund balance	270,768	-		
Net income (loss)	\$ -	\$ 105,646		

The Sewer Fund was created effective July 1, 1994 to account for sewer discharge fees received for capital improvements to the City's sewer system. This need was identified after a City-wide sewer study was completed in late 1992. The study reflected many deficiencies within the sewer system with improvements that need to be accomplished by the year 2010. A sewer discharge fee increase was approved in fiscal year 2002-03. The annual increase this fiscal year was based on the Consumer Price Index (CPI). Revenues are within budget as of period 7.

The expenses are within budget as of period 7 but higher than last fiscal year due to depreciation. Depreciation for infrastructure assets was posted on a period basis this year compared to last year where it was posted at year-end. Non-operating revenues represent interest earnings as of period 7.

PARKS AND RECREATION FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2005-06</u>	Fiscal Year <u>2004-05</u>
Parks & Recreation Enterprise				
Revenues	\$ 4,031,565	\$ 2,199,600	54.6%	55.1%
Expenses	(7,236,109)	(3,900,771)	53.9%	49.9%
Operating income (loss)	(3,204,544)	(1,701,171)		
Operating transfers in	2,895,483	1,520,556	52.5%	52.9%
Operating transfers out	(59,759)	(31,497)	52.7%	56.4%
Over (under) subsidy	<u>\$ (368,820)</u>	<u>\$ (212,112)</u>		

The Parks and Recreation Enterprise Fund was created effective July 1, 1994, to account for fee-related activities of the Parks and Recreation Department. The Fund is supported by user fees and operating transfers from the General Fund. Revenues are within budget as of period 7. Deferred revenues in the amount of \$262,651 are not reflected in the financials but were collected as of period 7 and these revenues are for the winter sessions. Actual expenses exceeded budget due to the \$91,054 pending reimbursement from Los Angeles County for the Nature Center Manager, Senior Recreation Leader and Recreation Leader labor charges. This fund received \$1,520,556 subsidy from the General Fund as of period 7.

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Schedule A

**GENERAL FUND REVENUE SUMMARY-BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDING JANUARY 7, 2006 - 52.3% EXPIRED**

	2005-2006 BUDGET	CURR YR YTD 7 PERIODS ACTUAL January 7, 2006	% OF BUDGET 2005-06	FY 2004-05 ACTUAL January 8, 2005	% OF ACTUAL 2004-05
<u>TAXES</u>					
Property taxes	\$36,961,680	\$18,249,826	49.4%	\$16,666,461	45.9%
Sales and use taxes	32,579,000	16,525,736	50.7%	15,885,175	53.7%
Utility users tax					
Electricity	15,165,795	7,800,325	51.4%	7,725,466	53.4%
Gas					
Refineries	4,134,435	2,345,295	56.7%	1,810,966	45.9%
Other	3,183,682	1,306,054	41.0%	1,062,708	35.0%
Water	1,496,357	778,880	52.1%	769,614	53.9%
Cable	1,451,456	751,101	51.7%	666,571	48.2%
Telecommunication/Cellular	8,254,204	4,004,449	48.5%	4,120,581	52.4%
Miscellaneous	3,071	1,222	39.8%	1,587	54.2%
Sub Total - Utility users tax	33,689,000	16,987,326	50.4%	16,157,493	50.3%
Business license tax/permit tax	7,361,000	1,215,223	16.5%	1,178,159	16.1%
Franchise tax	4,437,000	708,102	16.0%	657,602	14.8%
Occupancy tax	6,499,000	3,415,244	52.6%	3,174,425	49.2%
Construction tax	772,500	684,567	88.6%	270,968	48.2%
Real property transfer tax	1,100,000	595,715	54.2%	460,220	44.5%
Oil severance tax	30,000	3,656	12.2%	3,723	63.4%
TOTAL TAXES	123,429,180	58,385,395	47.3%	54,454,226	46.2%
<u>LICENSES AND PERMITS</u>					
Construction permits/other license fee/permits	2,105,740	1,122,775	53.3%	1,223,274	48.9%
TOTAL LICENSES/ FEES	2,105,740	1,122,775	53.3%	1,223,274	48.9%
<u>FINES AND FORFEITURES</u>					
General court fines	129,000	193,122	149.7%	73,558	43.6%
Traffic fines/parking citations	1,051,000	608,776	57.9%	581,209	49.9%
TOTAL FINES/FORFEITURES	1,180,000	801,898	68.0%	654,767	49.1%
<u>REV-USE OF MONEY/PROPERTY</u>					
Investment earnings	1,186,000	847,349	71.4%	521,767	33.4%
Rents, royalties and leases	535,000	285,779	53.4%	276,522	52.1%
TOTAL USE OF MONEY/PROPERTY	1,721,000	1,133,128	65.8%	798,289	38.1%
<u>REVENUES FR OTHER AGENCIES</u>					
State motor vehicle licenses	2,085,000	1,637,894	78.6%	579,166	61.2%
State homeowners' property tax	250,000	35,790	14.3%	36,166	15.0%
Other State revenues	29,070	74,377	255.9%	103,534	47.3%
TOTAL OTHER AGENCIES	2,364,070	1,748,061	73.9%	718,866	51.1%
<u>CHARGES FOR CURRENT SERVICES</u>					
Construction related fees	1,599,000	927,789	58.0%	723,116	46.8%
Engineering fees	111,000	92,508	83.3%	71,868	37.5%
Passport Fees	25,000	2,496	10.0%	1,578	0.0%
Police department services	818,260	429,998	52.6%	409,135	48.6%
Daily Jail Rental	50,000	8,244	16.5%	4,624	69.3%
Fire related fees	1,140,000	113,927	10.0%	249,901	22.6%
Contributions-Enterprises	2,550,000	1,373,077	53.8%	1,373,077	53.8%
Other charges	76,200	90,582	118.9%	87,333	85.4%
Library fines and fees	200,000	82,697	41.3%	74,499	48.3%
Recreation Processing/Facility Fees	266,523	187,909	70.5%	—	—
TOTAL CURRENT SERVICE CHARGES	6,835,983	3,309,226	48.4%	2,995,131	46.1%
<u>OTHER REVENUES</u>					
Other revenues	111,600	787,349	705.5%	114,053	75.0%
Operating transfers in	7,325,600	3,960,019	54.1%	3,876,186	51.6%
TOTAL OTHER REVENUES	7,437,200	4,747,367	63.8%	3,990,239	52.0%
Total General Fund Revenues	145,073,173	71,247,850	49.1%	64,834,792	46.5%

Schedule B

EXPENDITURES SUMMARY BY FUND - BUDGET TO ACTUAL-ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	FY 05-06					FY 04-05	
	REVISED BUDGET	EXPEND WITHOUT ENCUMBR	% OF BUDGET TO ACTUAL W/O ENC	PROJECTED ACTUAL AT 6/30/06	% OF BUDGET TO PROJ ACTUAL AT 6/30/06	EXPEND WITHOUT ENCUMBR	% OF BUDGET TO ACTUAL W/O ENC
GENERAL FUND							
BY DEPARTMENT:							
Council/Commissions	\$ 579,774	\$ 257,558	44.4%	\$ 539,617	93.1%	\$ 233,366	41.8%
City Manager	2,175,106	891,188	41.0%	1,950,752	89.7%	857,884	41.7%
City Attorney	2,400,448	1,163,981	48.5%	2,349,568	97.9%	1,059,094	47.0%
City Clerk	833,964	323,485	38.8%	833,964	100.0%	421,230	52.6%
City Treasurer	719,178	335,253	46.6%	699,223	97.2%	325,916	49.4%
Finance	4,938,041	2,276,193	46.1%	4,434,852	89.8%	1,623,472	47.6%
Human Resources	2,595,967	1,176,961	45.3%	2,595,967	100.0%	1,014,483	40.3%
Civil Service	308,761	150,160	48.6%	308,761	100.0%	121,134	51.6%
Community Delvelopment	7,579,529	3,492,247	46.1%	7,579,529	100.0%	4,135,851	49.1%
Comm & Info Tech	3,997,450	1,662,473	41.6%	3,498,725	87.5%	1,479,284	42.5%
General Services	4,930,455	2,104,694	42.7%	4,684,451	95.0%	1,827,924	40.8%
Police	54,198,785	27,083,311	50.0%	53,934,534	99.5%	25,638,805	51.7%
Fire	24,837,598	12,694,244	51.1%	24,666,977	99.3%	12,707,254	54.2%
Public Works	10,120,295	4,833,481	47.8%	9,911,838	97.9%	4,281,774	45.0%
Community Services	13,310,966	6,488,776	48.7%	12,767,084	95.9%	6,125,996	50.6%
Non-Departmental (1001 only):							
Insurance	28,354	6,364	22.4%	28,354	100.0%	4,312	17.0%
Hazardous Waste	75,937	970	1.3%	39,000	51.4%	9,906	13.1%
Community Promotion	272,125	136,659	50.2%	240,000	88.2%	107,318	39.5%
Non-Departmental	2,494,892	63,624	2.6%	422,624	16.9%	403,912	14.1%
Leaseback	2,686,625	1,056,841	39.3%	2,686,625	100.0%	791,259	28.9%
Community Improvements	144,882	2,844	2.0%	60,000	41.4%	34,075	24.2%
Transfers	11,386,335	7,094,095	62.3%	11,386,335	100.0%	12,880,627	80.4%
HEOP ET	25,000	-	N/A	-	N/A	-	N/A
Total General Fund	150,640,467	73,295,402	48.7%	145,618,780	96.7%	76,084,876	52.2%
Fleet Svcs - Oper & Maint	3,510,071	1,668,791	47.5%	3,265,107	93.0%	485,331	85.0%
Fleet Svcs - Replacement	1,880,500	824,745	43.9%	1,700,000	90.4%	883,236	45.2%
Self-Insurance	4,372,011	2,676,444	61.2%	4,297,623	98.3%	2,507,090	60.3%
Total Internal Service	9,762,582	5,169,980	53.0%	9,262,730	94.9%	3,875,657	58.0%
Airport	7,601,009	3,957,643	52.1%	7,527,683	99.0%	3,833,142	51.8%
Transit	21,305,074	10,407,464	48.8%	20,635,473	96.9%	9,797,998	51.1%
Water	21,265,991	11,010,742	51.8%	21,265,183	100.0%	10,010,173	47.1%
Emergency Medical Services	7,520,168	3,695,055	49.1%	7,414,191	98.6%	3,258,388	45.4%
Sanitation	10,057,467	4,751,404	47.2%	9,943,466	98.9%	4,168,577	47.7%
Cultural Arts	1,827,051	866,549	47.4%	1,777,624	97.3%	821,109	48.3%
Sewer	1,937,268	868,493	44.8%	1,779,530	91.9%	352,755	17.0%
Parks & Recreation	7,295,868	3,932,268	53.9%	7,182,349	98.4%	3,719,009	49.8%
Total Enterprise	78,809,896	39,489,618	50.1%	77,525,499	98.4%	35,961,151	47.9%
Employment & Training (WIN)	4,298,219	1,819,702	42.3%	4,266,661	99.3%	2,051,272	43.6%
Home Improv Empl. Program	-	386	N/A	-	N/A	-	N/A
Section 8 Rental Assistance	5,523,862	2,511,416	45.5%	5,202,262	94.2%	2,744,862	45.0%
Rehab Loan Program (HCD)	23,100	-	N/A	-	N/A	-	N/A
Redevelopment Agency	12,322,902	5,768,654	46.8%	12,229,298	99.2%	5,638,386	48.4%
Gov. Cable Communications	1,156,678	575,468	49.8%	1,149,556	99.4%	735,761	58.2%
Cable TV Public Access	304,093	149,080	49.0%	304,093	100.0%	143,154	54.2%
Air Quality Mgmt. District	183,259	78,177	42.7%	183,259	100.0%	129,047	55.5%
Animal Control Fund	365,061	89,895	24.6%	272,000	74.5%	78,164	14.9%
Vanpool/Rideshare	216,455	108,134	50.0%	214,850	99.3%	62,405	48.4%
Gas Tax (Transfers only)	2,540,000	1,367,692	53.8%	2,540,000	100.0%	1,367,692	51.6%
Street Lighting District	2,523,669	1,061,652	42.1%	2,523,669	100.0%	964,368	39.2%
Torrance Pub Fin Auth Debt Svc	3,310,044	1,394,266	42.1%	3,310,044	100.0%	1,170,365	N/A
Total External Funds	32,767,342	14,924,522	45.5%	32,195,692	98.3%	15,085,476	23.4%
Grand Total	\$ 271,980,287	\$ 132,879,522	48.9%	\$ 264,602,701	97.3%	\$ 131,007,160	44.9%

Schedule B-1

EXPENDITURES DETAIL BY FUND - BUDGET TO ACTUAL-ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS SALARIES AND BENEFITS EXPENDITURES FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	FY 05-06					FY 04-05	
	SALARIES AND BENEFITS BUDGET	SALARIES AND BENEFITS ACTUAL	% OF BUDGET TO ACTUAL	PROJECTED ACTUAL AT 6/30/06	% OF BUDGET TO PROJ ACTUAL AT 6/30/06	SALARIES & BENEFITS ACTUAL	% OF BUDGET TO ACTUAL
GENERAL FUND BY DEPARTMENT:							
Council/Commissions	\$ 230,400	\$ 116,593	50.6%	\$ 230,400	100.0%	\$ 113,060	50.8%
City Manager	1,553,743	755,692	48.6%	1,485,675	95.6%	716,323	51.4%
City Attorney	1,916,044	958,929	50.0%	1,902,213	99.3%	886,270	50.0%
City Clerk	504,044	257,093	51.0%	504,044	100.0%	211,365	48.5%
City Treasurer	571,363	291,219	51.0%	551,263	96.5%	274,326	52.7%
Finance	3,084,929	1,440,914	46.7% (A)	2,887,603	93.6%	1,426,319	49.2%
Human Resources	1,632,557	847,350	51.9%	1,632,557	100.0%	666,609	43.3%
Civil Service	218,818	110,321	50.4%	218,818	100.0%	108,334	51.8%
Community Development	6,324,663	3,144,943	49.7%	6,324,663	100.0%	2,902,524	50.1%
Comm & Info Tech	3,102,255	1,379,598	44.5% (B)	2,837,855	91.5%	1,371,296	49.7%
General Services	3,027,131	1,441,076	47.6%	2,936,000	97.0%	1,233,892	45.4%
Police	49,479,140	25,011,273	50.5%	49,472,702	100.0%	23,784,579	52.9%
Fire	22,819,420	11,923,096	52.2%	22,817,507	100.0%	11,935,550	55.2%
Public Works	6,600,207	3,244,261	49.2%	6,403,176	97.0%	3,015,793	47.8%
Community Services	9,604,465	4,640,258	48.3%	9,250,654	96.3%	4,300,243	50.8%
Non-Departmental (1001 only):							
Hazardous Waste	19,000	7,319	38.5% (C)	19,000	100.0%	6,939	36.5%
Non-Departmental	1,244,822	55,233	4.4% (D)	296,233	23.8%	69,080	4.3%
Community Improvements	10,000	-	N/A	-	N/A	-	N/A
HEOP ET	15,000	-	N/A	-	N/A	-	N/A
Total General Fund	111,958,001	55,625,168	49.7%	109,770,363	98.0%	53,022,502	51.3%
Fleet Svcs - Oper & Maint	2,818,105	1,370,727	48.6%	2,572,934	91.3%	191,699	579.1%
Self-Insurance	633,200	292,259	46.2% (E)	558,813	88.3%	316,983	55.6%
Total Internal Service	3,451,305	1,662,986	48.2%	3,131,747	90.7%	508,682	84.4%
Airport	1,460,247	736,588	50.4%	1,460,000	100.0%	678,497	51.8%
Transit	12,412,314	6,037,194	48.6%	11,594,178	93.4%	5,660,970	50.3%
Water	4,258,596	1,642,641	38.6% (F)	3,800,000	89.2%	1,699,341	41.8%
Emergency Medical Services	7,212,277	3,567,753	49.5%	7,100,000	98.4%	3,134,394	46.0%
Sanitation	4,148,439	2,009,397	48.4%	3,855,000	92.9%	1,930,234	49.3%
Cultural Arts	1,259,447	630,930	50.1%	1,259,447	100.0%	576,376	51.0%
Sewer	589,397	201,347	34.2% (G)	465,000	78.9%	234,315	34.4%
Parks & Recreation	4,446,857	2,409,884	54.2%	4,434,276	99.7%	2,347,567	51.3%
Total Enterprise	35,787,574	17,235,734	48.2%	33,967,901	94.9%	16,261,694	48.2%
Employment & Training (WIN)	2,806,558	1,458,828	52.0%	2,775,000	98.9%	1,586,791	68.2%
Home Improv Empl. Program	-	-	N/A	-	N/A	-	N/A
Section 8 Rental Assistance	606,200	291,479	48.1%	566,000	93.4%	290,119	48.4%
Rehab Loan Program (HCD)	22,900	-	N/A	-	N/A	-	N/A
Redevelopment Agency	899,532	415,601	46.2% (H)	785,278	87.3%	436,897	49.4%
Gov. Cable Communications	807,185	380,326	47.1% (I)	770,000	95.4%	320,323	43.4%
Cable TV Public Access	206,248	107,932	52.3%	206,248	100.0%	100,541	62.1%
Air Quality Mgmt. District	36,039	19,964	55.4%	39,681	110.1%	18,378	57.4%
Animal Control Fund	223,400	70,767	31.7% (J)	190,000	85.0%	52,535	48.4%
Vanpool/Rideshare	56,160	28,920	51.5%	56,800	101.1%	27,024	48.6%
Street Lighting District	531,900	269,382	50.6%	531,900	100.0%	259,646	53.8%
Total External Funds	6,196,122	3,043,199	49.1%	5,920,907	95.6%	3,092,254	57.1%
Grand Total	\$ 157,393,002	\$ 77,567,087	49.3%	\$ 152,790,918	97.1%	\$ 72,885,132	51.0%

- (A) Salaries and Benefits are under budget due to Account Clerk and Senior Account Clerk positions that have been vacant since the prior fiscal year.
- (B) Salaries and Benefits in the Information Technology Services program are low and Reimbursements in Radio are higher due to an additional period of reimbursements that were booked. There has also been an Administrative Analyst vacancy since October 1, 2005.
- (C) Actual labor charged from Fleet is lower than budgeted.
- (D) Budget amount includes Wage Reserves and Supplemental Health Reserve.
- (E) Total Salary and Benefit Charges from Other Departments are lower due to less overtime worked.
- (F) Water Service Technician and Assistant Engineer positions are vacant and less overtime has been worked.
- (G) Regular Salaries and Charges from Other Departments are below budget due to greater utilization of staff for capital improvement projects whose salaries are then charged to the projects rather than the Sewer Fund. In addition, an Associate Engineer position and a Deputy Public Works Director, Engineering position are vacant.
- (H) The Principal Planner position charges 25% of their time to Housing and this position has been vacant since late Dec. 2004.
- (I) The Salaries and Benefits Reimbursements budget has not changed since FY 98/99. Actual reimbursements are over budget by \$30,000.
- (J) There has been a vacancy for an Animal Control Officer since the beginning of August 2005 and overtimes charges are only 5.5% spent.

Schedule B-2

EXPENDITURES DETAIL BY FUND - BUDGET TO ACTUAL-ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS MATERIALS, SERVICES AND OTHER EXPENDITURES FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	FY 05-06					FY 04-05				
	MATERIALS, REVISED BUDGET	SERVICES, OTHERS ACTUAL EXP WITHOUT ENC	ACTUAL REIMB	ACTUAL EXPENSE NET OF REIMB	% OF BUD W/O ENC	PROJECTED ACTUAL AT 6/30/06	% OF BUD TO PROJ	ACTUAL EXPENSE WITHOUT ENC	% OF BUD W/O ENC	
GENERAL FUND										
BY DEPARTMENT:										
Council/Commissions	\$ 349,374	\$ 140,965	\$ -	\$ 140,965	40.3%	\$ 309,217	88.5%	\$ 120,306	35.9%	
City Manager	621,363	135,496	-	135,496	21.8%	465,077	74.8%	141,561	21.4%	
City Attorney	484,404	205,052	-	205,052	42.3%	447,355	92.4%	172,824	35.9%	
City Clerk	329,920	66,392	-	66,392	20.1%	329,920	100.0%	209,865	57.4%	
City Treasurer	147,815	44,034	-	44,034	29.8%	147,960	100.1%	51,590	37.1%	
Finance	1,853,112	1,022,374	(187,095)	835,279	45.1%	1,547,249	83.5%	197,153	38.5%	
Human Resources	963,410	329,611	-	329,611	34.2%	963,410	100.0%	347,874	35.5%	
Civil Service	89,943	39,839	-	39,839	44.3%	89,943	100.0%	12,800	50.3%	
Community Development	1,254,866	347,304	-	347,304	27.7%	1,254,866	100.0%	1,233,327	46.7%	
Comm & Info Tech	895,195	817,606	(534,731)	282,875	31.6%	660,870	73.8%	107,988	15.1%	
General Services	1,903,324	1,104,959	(441,341)	663,618	34.9%	1,748,451	91.9%	594,032	33.8%	
Police	4,719,645	2,080,830	(8,792)	2,072,038	43.9%	4,461,832	94.5%	1,854,226	39.8%	
Fire	2,018,178	898,067	(126,919)	771,148	38.2%	1,849,470	91.6%	771,704	42.4%	
Public Works	3,520,088	1,909,745	(320,525)	1,589,220	45.1%	3,508,662	99.7%	1,265,981	39.6%	
Community Services	3,706,501	1,853,531	(5,013)	1,848,518	49.9%	3,516,430	94.9%	1,825,753	50.0%	
Non-Departmental (1001 only):										
Insurance	28,354	6,364	-	6,364	22.4%	28,354	100.0%	4,312	17.0%	
Hazardous Waste	56,937	20,574	(26,923)	(6,349)	111.2% (A)	20,000	35.1%	2,967	5.2%	
Community Promotion	272,125	136,659	-	136,659	50.2%	240,000	88.2%	107,318	39.5%	
Non-Departmental	1,250,070	8,391	-	8,391	0.67%	126,391	10.1%	334,832	26.9%	
Leaseback	2,686,625	1,056,841	-	1,056,841	39.3%	2,686,625	100.0%	791,259	28.9%	
Community Improvements	134,882	2,844	-	2,844	2.1%	60,000	44.5%	34,075	26.1%	
Transfers	11,386,335	7,094,095	-	7,094,095	62.3% (B)	11,386,335	100.0%	12,880,627	80.4%	
HEOP ET	10,000	-	-	-	N/A	-	N/A	-	N/A	
Total General Fund	38,682,466	19,321,573	(1,651,339)	17,670,234	45.7%	35,848,417	92.7%	23,062,374	54.3%	
Fleet Svcs - Oper & Maint	691,966	305,847	(7,783)	298,064	43.1% (C)	692,173	100.0%	293,632	54.6%	
Fleet Svcs - Replacement	1,880,500	824,745	-	824,745	43.9% (D)	1,700,000	90.4%	883,236	45.2%	
Self Insurance	3,738,811	2,384,185	-	2,384,185	63.8% (E)	3,738,810	100.0%	2,190,107	61.0%	
Total Internal Service	6,311,277	3,514,777	(7,783)	3,506,994	55.6%	6,130,983	97.1%	3,366,975	55.4%	
Airport	6,140,762	3,221,055	-	3,221,055	52.5%	6,067,683	98.8%	3,154,645	51.8%	
Transit	8,892,760	4,370,270	-	4,370,270	49.1%	9,041,295	101.7%	4,137,028	52.2%	
Water	17,007,395	9,367,980	121	9,368,101	55.1%	17,465,183	102.7%	8,310,832	48.3%	
Emergency Medical Svc	307,891	127,302	-	127,302	41.3% (F)	314,191	102.0%	123,994	34.0%	
Sanitation	5,909,028	2,743,215	(1,208)	2,742,007	46.4% (G)	6,088,466	103.0%	2,238,343	46.5%	
Cultural Arts	567,604	235,619	-	235,619	41.5% (H)	518,177	91.3%	244,733	42.8%	
Sewer	1,347,871	667,146	-	667,146	49.5%	1,314,530	97.5%	118,440	8.5%	
Parks & Recreation	2,849,011	1,522,384	-	1,522,384	53.4%	2,748,073	96.5%	1,371,442	47.4%	
Total Enterprise & CATV	43,022,322	22,254,971	(1,087)	22,253,884	51.7%	43,557,598	101.2%	19,699,457	47.7%	
Employment & Training (WIN)	1,491,661	360,874	-	360,874	24.2%	1,491,661	100.0%	464,481	19.5%	
Home Improv Empl. Program	-	39,871	(39,485)	386	N/A	-	N/A	-	N/A	
Section 8 Rental Assistance	4,917,662	2,219,937	-	2,219,937	45.1% (I)	4,636,262	94.3%	2,454,743	44.7%	
Rehab Loan Program (HCD)	200	-	-	-	N/A	-	N/A	-	N/A	
Redevelopment Agency	11,423,370	5,353,053	-	5,353,053	46.9% (J)	11,444,020	100.2%	5,201,489	48.4%	
Gov. Cable Communications	349,493	207,042	(11,900)	195,142	55.8%	379,556	108.6%	415,438	78.8%	
Cable TV Public Access	97,845	41,148	-	41,148	42.1% (K)	97,845	100.0%	42,613	41.8%	
Air Quality Mgmt. District	147,220	58,213	-	58,213	39.5% (L)	143,578	97.5%	110,669	55.2%	
Animal Control Fund	141,661	19,128	-	19,128	13.5% (M)	82,000	57.9%	25,629	4.9%	
Vanpool/Rideshare	160,295	79,214	-	79,214	49.4%	158,050	98.6%	35,381	27.4%	
Gas Tax (Transfers only)	2,540,000	1,367,692	-	1,367,692	53.8%	2,540,000	100.0%	1,367,692	53.8%	
Street Lighting District	1,991,769	792,270	-	792,270	39.8% (N)	1,991,769	100.0%	704,722	35.7%	
Torrance Pub Fin Auth Debt Svc	3,310,044	1,394,266	-	1,394,266	42.1%	3,310,044	100.0%	1,170,365	N/A	
Total External Funds	26,571,220	11,932,708	(51,385)	11,881,323	44.7%	26,274,785	98.9%	11,993,222	20.3%	
Grand Total	\$114,587,285	\$57,024,029	(\$1,711,595)	\$55,312,435	48.3%	\$111,811,783	97.6%	\$ 58,122,028	39.0%	

- (A) Reimbursements from other funds are posted every period. These reimbursements are greater than actual expenditures as of Period 7.
- (B) Transfer of funds from General Fund VLF carryover to various capital projects for \$2,270,642.
- (C) There are no liability claims filed as of Period 7 and expenditures for Materials and Professional Services will increase in the second half of the fiscal year.
- (D) Depreciation expense for January will be posted on Jan. 31, 2006.
- (E) Annual liability insurance and excess liability premiums totaling \$469,738 were paid in Period 1 and most departments were paid their fiscal year 04/05 loss allocation incentives.
- (F) Paramedic Supplies expenditures encumbered early in the year are expected to be expended by fiscal year-end. These encumbrances amount to \$70,800 as of Period 7.
- (G) The budget for Refuse Dump Fees was increased by \$500,000 in Period 7 due to higher rates under a new contract. The new contract was released on January 13, 2006 (Period 8). November and December invoices were paid in Period 9 for a total amount of \$339,565.
- (H) Various maintenance projects are taking place in the winter that will utilize the Materials and Professional Services budget.
- (I) Housing checks in the amount of \$351,070 were posted on Jan. 19, 2006 utilizing 7.4% of the Rental Assistance Payments budget.
- (J) Semi-annual interest payments on bonds totaling \$968,830 are due Mar. 1, 2006.
- (K) Materials and Capital Outlays budgets are expected to be expended by fiscal year-end.
- (L) The December invoice for incentive awards has not been received as of Period 7.
- (M) Professional Services charges are low due to a pending contract with Los Angeles County Animal Care and Control. Invoices totaling approximately \$21,800 will be paid when contract is approved by Council. The Police Department will bring an item to Council on February 28, 2006.
- (N) Edison Company invoices totaling \$100,476 were paid in Period 8.

**EXPENDITURES SUMMARY - BUDGET TO ACTUAL - GENERAL FUND (1001) BY CHARACTER
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED**

	2005-06 BUDGET	EXPENDITURES WITHOUT ENCUMBRANCES	% OF BUDGET TO ACTUAL WITHOUT ENC.	ENCUMB.	% OF BUDGET TO ACTUAL WITH ENC.
Salaries and Benefits	\$ 139,522,513	\$ 60,293,194	43.2%	\$ -	43.2%
Salaries and Benefits Reimb	(27,564,512)	(4,668,026)	16.9%	-	16.9%
Materials and Supplies	11,857,786	4,730,817	39.9%	973,385	48.1%
Prof Services/Contracts/Utilities	8,102,987	2,658,743	32.8%	959,146	44.6%
Travel, Training & Membership Dues	846,802	335,935	39.7%	4,699	40.2%
Liabilities and Other Insurance	1,616,984	540,373	33.4%	98	33.4%
Interdepartmental Charges	2,908,283	1,608,491	55.3%	-	55.3%
Debt Service	2,686,625	1,056,841	39.3%	5,000	39.5%
Capital Acquisition	513,471	157,863	30.7%	45,235	39.6%
Reimb from Other Funds	(3,313,466)	(1,651,340)	49.8%	-	49.8%
Other Expenditures	98,200	40,301	41.0%	-	41.0%
Reimb - Indirect Costs	(3,928,799)	(1,902,929)	48.4%	-	48.4%
Operating Transfers Out	17,293,593	10,095,139	58.4%	-	58.4%
Total General Fund - 1001	\$ 150,640,467	\$ 73,295,402	48.7%	\$ 1,987,563	50.0%

Schedule B-4

ADOPTED BUDGET AND REVISIONS BY FUND FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	ADOPTED BUDGET FY 05-06	PRIOR YEAR ENCUMBRANCE BUDGET	BUDGET REVISIONS FY 05-06	REVISED BUDGET FY 05-06
GENERAL FUND BUDGET				
BY DEPARTMENT:				
Council/Commissions	\$ 571,657	\$ 6,117	\$ 2,000	\$ 579,774
City Manager	2,148,643	48,863	(22,400)	2,175,106
City Attorney	2,359,766	10,213	30,469	2,400,448
City Clerk	833,964	-	-	833,964
City Treasurer	714,212	4,966	-	719,178
Finance	3,593,621	119,450	1,224,970 (A)	4,938,041
Human Resources	2,375,522	220,445	-	2,595,967
Civil Service	308,374	387	-	308,761
Community Development	8,573,588	157,566	(1,151,625) (A)	7,579,529
Comm & Info Tech	3,816,601	180,520	329	3,997,450
General Services	4,781,737	152,355	(3,637)	4,930,455
Police	54,116,984	57,509	24,292	54,198,785
Fire	24,690,145	150,318	(2,865)	24,837,598
Public Works	9,863,676	178,807	77,812	10,120,295
Community Services	13,258,283	48,033	4,650	13,310,966
Non-Departmental (1001 only):				
Insurance	25,000	3,354	-	28,354
Hazardous Waste	75,937	-	-	75,937
Community Promotion	241,122	31,003	-	272,125
Non-Departmental	2,477,953	294	16,645	2,494,892
Leaseback	2,686,625	-	-	2,686,625
Community Improvements	140,000	4,882	-	144,882
Transfers	9,115,693	-	2,270,642 (B)	11,386,335
HEOP ET	25,000	-	-	25,000
Total General Fund	146,794,103	1,375,082	2,471,282	150,640,467
Fleet Services	5,328,597	739,151	(677,177) (C)	5,390,571
Self-Insurance	3,791,932	117,066	463,013 (D)	4,372,011
Total Internal Service	9,120,529	856,217	(214,164)	9,762,582
Airport	7,596,624	4,691	(306)	7,601,009
Transit	21,223,997	81,077	-	21,305,074
Water	21,141,901	146,277	(22,187)	21,265,991
Emergency Medical Svcs	7,511,808	15,589	(7,229)	7,520,168
Sanitation	9,973,805	54,070	29,592	10,057,467
Cultural Arts	1,827,051	-	-	1,827,051
Sewer	1,936,868	5,432	(5,032)	1,937,268
Parks & Recreation	7,251,857	56,791	(12,780)	7,295,868
Total Enterprise	78,463,911	348,338	(17,942)	78,809,896
Employment & Training (WIN)	4,298,219	-	-	4,298,219
Home Improv Empl. Program	-	-	-	-
Section 8 Rental Assistance	5,522,938	924	-	5,523,862
Rehab Loan Program (HCD)	23,100	-	-	23,100
Redevelopment Agency	12,118,291	196,474	8,137	12,322,902
Gov. Cable Communications	1,156,395	250	33	1,156,678
Cable TV Public Access	303,193	900	-	304,093
Air Quality Mgmt. District	183,259	-	-	183,259
Animal Control Fund	363,422	1,639	-	365,061
Vanpool/Rideshare	204,237	12,218	-	216,455
Gas Tax (Transfers only)	2,540,000	-	-	2,540,000
Street Lighting District	2,523,669	-	-	2,523,669
Torrance Improvements Debt	3,310,044	-	-	3,310,044
Total External Funds	32,546,767	212,405	8,170	32,767,342
Grand Total	\$ 266,925,310	\$ 2,792,042	\$ 2,247,346	\$ 271,980,287

Notes below explain the major budget revisions in excess of \$250,000

- (A) Represents a budget transfer from the Community Development Department to the Finance Department for the operating transfers to the Street Lighting District Fund. Effective fiscal year 05/06 the Finance Department is primarily responsible for the accounting of the Street Lighting District Fund.
- (B) This includes budget revisions for transfers to Capital Improvements.
- (C) Represents contra account amounts needed to offset capital acquisition budget.
- (D) This includes budget revisions for increases in the annual self-insurance assessment payable to the State and for loss allocation savings budget.

Schedule C

INTERNAL SERVICE & ENTERPRISE FUND REVENUE SUMMARY-BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	FY 05-06								FY 04-05	
	Budget	Budgeted Use of Fund Bal	Add Back Depr	Total Budget	Year-To-Date Actual	% of Budget to Actual	Projected 06/30/2006	% of Budget to Proj Actual	Actual	% of Budget to Actual
Fleet Svcs - Oper & Maint	\$ 3,441,127	\$ 68,944	\$ -	\$ 3,510,071	\$ 1,689,836	48.1%	\$ 3,356,000	95.6%	\$ 485,331	146.3%
Fleet Svcs - Replacement	2,610,138	321,559	1,880,500	4,812,197	2,332,521	48.5%	4,631,697	96.2%	2,013,759	49.1%
Self-Insurance	3,322,688	-	-	3,322,688	1,685,498	50.7%	3,322,688	100.0%	3,016,526	72.5%
Total Internal Service	9,373,953	390,503	1,880,500	11,644,956	5,707,855	49.0%	11,310,385	97.1%	5,515,616	64.2%
Airport	8,405,080	-	300,305	8,705,385	4,989,598	57.3%	8,899,000	102.2%	4,320,476	58.4%
Transit	18,833,874	323,200	2,148,000	21,305,074	10,407,466	48.8%	20,765,453	97.5%	9,797,997	51.1%
Water	21,749,300	-	1,243,800	22,993,100	11,988,144	52.1%	23,228,800	101.0%	11,291,159	52.1%
Emergency Medical Svcs	7,520,168	-	-	7,520,168	3,698,383	49.2%	7,420,491	98.7%	4,069,057	55.6%
Sanitation	9,430,000	627,467	17,880	10,075,347	5,194,533	51.6%	10,037,880	99.6%	5,053,693	57.1%
Cultural Arts	1,584,193	242,858	6,600	1,833,651	869,915	47.4%	1,784,224	97.3%	836,940	48.7%
Sewer	1,666,500	270,768	1,005,000	2,942,268	1,499,524	51.0%	3,005,000	102.1%	1,018,241	33.1%
Parks & Recreation	6,927,048	-	-	6,927,048	3,721,143	53.7%	6,903,068	99.7%	3,882,141	54.7%
Total Enterprise	\$ 76,116,163	\$ 1,464,293	\$ 4,721,585	\$ 82,302,041	\$ 42,368,706	51.5%	\$ 82,043,916	99.7%	\$ 40,269,704	52.8%

NOTE: BUDGET TO ACTUAL VARIANCES CAN BE FOUND ON SUBSEQUENT FINANCIAL STATEMENTS.

FLEET SERVICES - COMBINED**BALANCE SHEET**
January 7, 2006

	Operations and Maintenance January 7, 2006	Vehicle Replacement January 7, 2006	Total
ASSETS			
Pooled cash and investments	\$ (389,220)	\$ 8,562,074	\$ 8,172,854
Accrued interest receivable	-	55,158	55,158
Inventories	747,428	-	747,428
Total Current Assets	358,208	8,617,232	8,975,440
Property, plant and equipment, net	30,000	6,386,994	6,416,994
Total Assets	\$ 388,208	\$ 15,004,226	\$ 15,392,434
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts payable	\$ 1,567	\$ -	\$ 1,567
Accrued salaries and benefits	338,105	-	338,105
Total Liabilities	339,672	-	339,672
Fund Equity			
Retained earnings - reserved	-	15,004,226	15,004,226
Retained earnings - unreserved	48,536	-	48,536
Total Liabilities and Fund Equity	\$ 388,208	\$ 15,004,226	\$ 15,392,434

Schedule D-1

FLEET SERVICES - COMBINED FUNDS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2006	2005 Year-To-Date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Charges for services	\$ 5,395,655	\$ 2,797,117 (B)	51.8%	\$ 5,310,528	\$ 1,032,181	48.9%
Total Operating Revenues	5,395,655	2,797,117	51.8%	5,310,528	1,032,181	48.9%
OPERATING EXPENSES:						
Salaries and employee benefits	2,945,171	1,435,309	48.7%	2,700,000	1,380,539	50.7%
Salaries and benefits reimbursements	(127,066)	(64,582)	50.8%	(127,066)	(1,188,840)	44.2%
Materials and supplies	458,019	200,611 (C)	43.8%	458,019	212,896	44.4%
Other Professional Services	80,600	24,848 (D)	30.8%	80,600	2,558	13.4%
Depreciation	1,880,500	824,745 (E)	43.9%	1,700,000	883,236	47.0%
Interdepartmental charges	104,104	56,479	54.3%	104,311	55,198	53.8%
Liability and claims	23,943	4,068 (F)	17.0%	23,943	4,068	17.0%
Other	8,900	3,228	36.3%	8,900	593	6.7%
Total Operating Expenses	5,374,171	2,484,706	46.2%	4,948,707	1,350,248	53.0%
OPERATING INCOME (LOSS)	21,484	312,411	1454.2%	361,821	(318,067)	72.9%
NON-OPERATING REVENUES						
Interest income - Operations	100,000	129,864 (G)	129.9%	250,000	95,221	95.2%
Gain from sale of fixed assets	80,464	3,175 (H)	3.9%	80,464	-	N/A
Total Non-Operating Revenues	180,464	133,039	73.7%	330,464	95,221	52.8%
Income (Loss) before transfers	201,948	445,450	220.6%	692,285	(222,846)	87.1%
OPERATING TRANSFERS IN	475,146	267,456 (I)	56.3%	475,146	306,127	100.0%
OPERATING TRANSFERS OUT	(16,400)	(8,831)	53.8%	(16,400)	(98,319)	91.4%
NET INCOME (LOSS) BEFORE VEHICLE ACQUISITIONS	660,694	704,075	106.6%	1,151,031	(15,038)	26.3%
VEHICLE ACQUISITIONS	(2,931,697)	(626,736)	21.4%	(2,931,697)	(389,449)	16.9%
FROM FUND BALANCE	390,503	-	0.0%	80,666	-	N/A
ADD: DEPRECIATION	1,880,500	824,745	43.9%	1,700,000	883,236	47.0%
CHANGE IN CASH AVAILABLE AFTER VEHICLE ACQUISITIONS AND ADDITION OF DEPRECIATION	\$ -	\$ 902,084	N/A	\$ -	\$ 478,749	199.0%

FUEL AND PARTS INVENTORY

Parts Inventory Purchases	1,473,615	473,070	32.1%	1,143,178	397,049	34.8%
Fuel Inventory Purchases	1,000,000	322,444	32.2%	850,000	342,516	49.6%
Total Parts & Fuel Inventory Purchases	2,473,615	795,514	32.2%	1,993,178	739,565	62.4%

(A) The annual budget includes the prior year encumbrances budget of \$845,535.

(B) Revenues from charges for services are posted monthly. Period 7 revenues in the estimated amount of \$465,000 for the month of January will be posted on 1/31/06.

Adding revenues in the estimated amount of \$106,000 for the period 1/1/06 - 1/7/06 would increase Period 7 charges for services to 53.8% of budget.

Budget of \$78,108 for Commercial Repairs revenue will not be met because charges for repairs to vehicles are made directly to the users and not received as revenue by Fleet Services.

(C) Materials and Supplies budget is expected to be expended by fiscal year-end.

(D) Professional Services budget is expected to be expended by fiscal year-end.

(E) Depreciation expense of approximately \$137,000 for the month of January will be posted on 1/31/06.

Adding estimated depreciation of \$32,000 for the period 1/1/06 - 1/7/06 to period 7 would increase depreciation to 45.6% of budget.

Due to the delay in replacing fully depreciated vehicles with newly purchased vehicles, depreciation is lower than budget by 8.4%. The option of leasing vehicles is being considered.

(F) There were no liability claims as of period 7. The amount shown reflects claims administration charges through period 7.

(G) Fewer vehicles have been purchased than budgeted, resulting in a higher cash balance than anticipated.

(H) The gain from sale of fixed assets is expected to meet or exceed budget by fiscal year-end.

(I) Transfer from Public Works totaling \$25,146 is to be used for the purchase of a backhoe.

Schedule D-2

FLEET - OPERATIONS AND MAINTENANCE STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2006	2005 Year-To-Date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Rental Income	\$ 7,020	\$ 3,909	55.7%	\$ 6,000	\$ 3,510	29.3%
Charges for services	2,984,107	1,443,617 (B)	48.4%	2,900,000	-	0.0%
Total Operating Revenues	2,991,127	1,447,526	48.4%	2,906,000	3,510	21.9%
OPERATING EXPENSES:						
Salaries and employee benefits	2,945,171	1,435,309	48.7%	2,700,000	1,380,539	50.7%
Salaries and benefits reimbursements	(127,066)	(64,582)	50.8%	(127,066)	(1,188,840)	44.2%
Materials and supplies	458,019	200,611 (C)	43.8%	458,019	212,896	44.4%
Other Professional Services	80,600	24,848 (D)	30.8%	80,600	2,558	13.4%
Interdepartmental charges	104,104	56,479	54.3%	104,311	55,198	53.8%
Liability and claims	23,943	4,068 (E)	17.0%	23,943	4,068	17.0%
Other	8,900	3,228	36.3%	8,900	593	6.7%
Total Operating Expenses	3,493,671	1,659,961	47.5%	3,248,707	467,012	68.9%
Income (Loss) before transfers	(502,544)	(212,435)	42.3%	(342,707)	(463,502)	70.1%
OPERATING TRANSFERS IN	450,000	242,310	53.8%	450,000	299,496	100.0%
OPERATING TRANSFERS OUT	(16,400)	(8,831)	53.8%	(16,400)	(18,319)	41.7%
FROM FUND BALANCE	68,944	-	N/A	-	182,325	100.0%
NET INCOME (LOSS)	\$ -	\$ 21,044	N/A	\$ 90,893	\$ -	N/A
FUEL AND PARTS INVENTORY						
Parts Inventory Purchases	\$ 1,473,615	\$ 473,070	32.1%	\$ 1,143,178	\$ 397,049	34.8%
Fuel Inventory Purchases	1,000,000	322,444	32.2%	850,000	342,516	49.6%
Total Parts & Fuel Inventory Purchases	\$ 2,473,615	\$ 795,514	32.2%	\$ 1,993,178	\$ 739,565	40.3%

(A) The annual budget includes the prior year encumbrances budget of \$67,644.

(B) Revenues from charges for services are posted monthly. Period 7 revenues in the estimated amount of \$240,000 for the month of January will be posted on 1/31/06.

Adding revenues in the estimated amount of \$56,000 for the period 1/1/06 - 1/7/06 would increase Period 7 charges for services to 50.3% of budget.

Budget of \$78,108 for Commercial Repairs revenue will not be met because charges for repairs to vehicles are made directly to the users and not received as revenue by Fleet Services.

(C) Materials and Supplies budget is expected to be expended by fiscal year-end.

(D) Professional Services budget is expected to be expended by fiscal year-end.

(E) There were no liability claims as of period 7. The amount shown reflects claims administration charges through period 7.

FLEET - OPERATIONS AND MAINTENANCE***STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006******Cash flows from operating activities***

Operating loss	(\$212,435)
Adjustments to reconcile operating loss to net cash used by operating activities	
Decrease in accounts receivable	132
Decrease in prepayments	1,302
Decrease in inventory	52,956
(Decrease) in accounts payable	(67,122)
	<u>(67,122)</u>

Net cash used by operating activities (\$225,167)

Cash flows from noncapital financing activities

Operating transfers in	242,310
Operating transfers out	(8,831)
	<u>(8,831)</u>

Net cash provided by noncapital financing activities 233,479

Net change in cash 8,312

Cash, and cash equivalents, July 1, 2005 (397,532)

Cash and cash equivalents, January 7, 2006 (\$389,220)

Schedule D-4

FLEET - VEHICLE REPLACEMENT FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-To-date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2006	2005 Year-to-date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Charges for services	\$ 2,404,528	\$ 1,349,591 (B)	56.1%	\$ 2,404,528	\$ 1,028,671	49.1%
Total Operating Revenues	2,404,528	1,349,591	56.1%	2,404,528	1,028,671	49.1%
OPERATING EXPENSES:						
Depreciation	1,880,500	824,745 (C)	43.9%	1,700,000	883,236	47.2%
Total Operating Expenses	1,880,500	824,745	43.9%	1,700,000	883,236	47.2%
OPERATING INCOME (LOSS)	524,028	524,846	100.2%	704,528	145,435	64.5%
NON-OPERATING REVENUES						
Interest income - Operations	100,000	129,864 (D)	129.9%	250,000	95,221	95.2%
Gain from sale of fixed assets	80,464	3,175 (E)	3.9%	80,464	-	0.0%
Total Non-Operating Revenues	180,464	133,039	73.7%	330,464	95,221	52.8%
Income (Loss) before transfers	704,492	657,885	93.4%	1,034,992	240,656	59.3%
OPERATING TRANSFERS IN	25,146	25,146 (F)	100.0%	25,146	6,631	100.0%
OPERATING TRANSFERS OUT	-	-	N/A	-	(80,000)	100.0%
NET INCOME (LOSS) BEFORE VEHICLE ACQUISITIONS	729,638	683,031	93.6%	1,060,138	167,287	50.3%
VEHICLE ACQUISITIONS	(2,931,697)	(626,736)	21.4%	(2,931,697)	(389,449)	10.9%
FROM FUND BALANCE	321,559	-	N/A	171,559	-	N/A
ADD: DEPRECIATION	1,880,500	824,745	43.9%	1,700,000	883,236	47.2%
CHANGE IN CASH AVAILABLE AFTER VEHICLE ACQUISITIONS AND ADDITION OF DEPRECIATION	\$ -	\$ 881,040	N/A	\$ -	\$ 661,074	148.4%

(A) The annual budget includes the prior year encumbrances budget of \$777,891.

(B) Vehicle replacement reimbursements are posted monthly. January 2006 reimbursements of approximately \$225,000 will be posted on 1/31/06.

Adding estimated vehicles replacement revenues of \$50,000 for the period 1/1/06 - 1/7/06 to period 7 would increase the charges for services revenues to 58.2% of budget.

(C) Depreciation expense of approximately \$137,000 for the month of January will be posted on 1/31/06.

Adding estimated depreciation of \$32,000 for the period 1/1/06 - 1/7/06 to period 7 would increase depreciation to 45.6% of budget.

Due to the delay in replacing fully depreciated vehicles with newly purchased vehicles, depreciation is lower than budget by 8.4%. The option of leasing vehicles is being considered.

(D) Fewer vehicles have been purchased than budgeted, resulting in a higher cash balance than anticipated.

(E) The gain from sale of fixed assets is expected to meet or exceed budget by fiscal year-end.

(F) Transfer from Public Works totaling \$25,146 is to be used for the purchase of a backhoe.

FLEET - VEHICLE REPLACEMENT FUND***STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006******Cash flows from operating activities***

Operating income	\$524,846
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	824,745
(Decrease) in accounts payable	<u>(35,446)</u>

Net cash provided by operating activities \$1,314,145

Cash flows from capital and related financing activities

Capital expenditures	(626,736)
Proceeds from sale of fixed assets	<u>3,175</u>

Net cash used by capital and related financing activities (623,561)

Cash flows from investing activities

Interest on investments	<u>129,864</u>
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Net cash provided by investing activities 129,864

Net change in cash 845,594

Cash, and cash equivalents, July 1, 2005 7,716,480

Cash and cash equivalents, January 7, 2006 \$8,562,074

SELF-INSURANCE FUND**BALANCE SHEET
JANUARY 7, 2006**

	<u>January 7, 2006</u>
ASSETS	
Pooled Cash and Investments	\$6,885,970
Restricted cash	2,567
Other prepayments	34,333
Total Current Assets	6,922,871
Advances to Other Funds	4,000,000
Total Assets	\$10,922,871
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	1,065
Accrued Liability for Self-Insurance Claims-current	2,603,961
Total Current Liabilities	2,605,026
Accrued Liability for Self-Insurance Claims-long-term	20,273,384
Total Liabilities	22,878,410
Fund Equity (Deficit)	
Retained Deficit - Unreserved	(11,955,539)
Total Fund Equity (Deficit)	(11,955,539)
Total Liabilities and Fund Equity (Deficit)	\$10,922,871

SELF-INSURANCE FUND**STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED JANUARY 7, 2006 - 52.3% EXPIRED**

	(A) Annual Budget	Year-To-date Actual Without Enc.	Budget % Without Enc.	Projected Actual 6/30/2006	2005 Year-to-date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Charges for services	\$2,402,688	\$1,251,653	52.1%	2,402,688	\$1,266,526	52.7%
Total Operating Revenues	2,402,688	1,251,653	52.1%	2,402,688	1,266,526	52.7%
OPERATING EXPENSES:						
Salaries and employee benefits	633,200	292,259 (H)	46.2%	558,813	316,983	55.6%
1/3 Savings-WC/Liab Incentives	296,462	277,333 (F)	93.5%	296,462	236,661	96.9%
Services and supplies	20,788	3,154 (B)	15.2%	20,788	6,144	29.3%
Other professional services	91,132	20,836 (B)	22.9%	91,132	47,936	32.5%
Insurance and claims	3,137,045	1,901,016 (C)	60.6%	3,137,045	1,885,664	59.8%
Interdepartmental charges	11,826	6,368	53.8%	11,826	6,785	53.8%
Other	6,800	4,421 (E)	65.0%	6,800	5,517	81.1%
Total Operating Expenses	4,197,253	2,505,387	59.7%	4,122,866	2,505,690	60.3%
OPERATING INCOME (LOSS)	(1,794,565)	(1,253,734)	69.9%	(1,720,178)	(1,239,164)	70.7%
OPERATING TRANSFERS IN	920,000	433,845 (G)	47.2%	920,000	1,750,000	100.0%
OPERATING TRANSFERS (OUT)	(174,758)	(171,056) (D)	97.9%	(174,758)	(1,400)	53.8%
NET INCOME (LOSS)	\$ (1,049,323)	\$ (990,945)	94.4%	\$ (974,936)	\$ 509,436	N/A

(A) The annual budget includes prior year encumbrances of \$117,066.

(B) Materials usage is low during the period. Budget is projected to be fully utilized towards the end of the year.

(C) This amount includes payment of annual liability insurance and excess liability premiums totalling \$469,738 in Period 1.

(D) This includes \$141,405 transfer to Capital Improvement Fund for the funding of FEAP516 - Workers' Comp Claims Management System Imaging.

(E) This includes seminar fees totaling \$2,625.

(F) Most departments were paid their FY2004-05 loss allocation incentives.

(G) Transfer from General Fund for Period 7 in the amount of \$61,538 will be posted next period.

(H) Actual overtime hours decreased during the year and a staff has been on an extended leave of absence. Two employees have been recently promoted but their wages are on the lowest grid of the new position.

SELF-INSURANCE FUND***STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED JANUARY 7, 2006******Cash flows from operating activities***

Operating loss	(\$1,253,734)
Adjustments to reconcile operating loss to net cash used by operating activities	
Decrease in other prepayments	82,881
(Decrease) in accounts payable	<u>(44,300)</u>

Net cash used by operating activities (\$1,215,153)

Cash flows from noncapital financing activities

Operating transfers in	433,845
Operating transfers out	<u>(171,056)</u>

Net cash provided by noncapital financing activities 262,789

Net change in cash (952,364)

Cash and cash equivalents, July 1, 2005 7,840,901

Cash and cash equivalents, January 7, 2006 \$6,888,537

AIRPORT FUND**BALANCE SHEET
JANUARY 7, 2006**

	<u>January 7, 2006</u>
ASSETS	
Pooled Cash and Investments	\$4,151,165
Interest Receivable	29,553
Accounts Receivable	448,462
Total Current Assets	4,629,180
Property, Plant and Equipment, net	5,657,612
Total Assets	\$10,286,792
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$595
Accrued Liabilities	66,242
Total Current Liabilities	66,837
Rental deposits and guarantees	25,000
Total Liabilities	91,837
Fund Equity	
Contributed Capital, net	465,233
Unreserved Retained Earnings	9,729,722
Total Fund Equity	10,194,955
Total Liabilities and Fund Equity	\$10,286,792

Schedule F-1

AIRPORT FUND

STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	2005 Year-to-Date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Leased land area rentals	\$ 6,159,080	\$ 3,476,443	56.4%	\$ 6,277,000	\$ 2,898,628	56.3%
Hangar and building rentals	2,046,000	1,212,388 (B)	59.3%	2,078,000	1,159,056	57.7%
Airfield fees and charges	152,000	92,503 (C)	60.9%	158,000	84,923	62.4%
Other	8,000	3,846	48.1%	7,000	3,858	52.1%
Total Operating Revenues	8,365,080	4,785,180	57.2%	8,520,000	4,146,465	56.8%
OPERATING EXPENSES						
Salaries and employee benefits	1,460,247	736,588	50.4%	1,460,000 (D)	678,497	51.8%
Services and supplies	348,985	159,379 (E)	45.7%	332,073	143,172	42.6%
Other professional services	297,538	134,435 (F)	45.2%	270,526	136,753	39.3%
Depreciation and amortization	300,305	142,044 (G)	47.3%	289,000	142,982	47.6%
Insurance and Claims	28,169	19,854 (H)	70.5%	28,169	19,889	70.6%
Interdepartmental charges	601,073	323,107	53.8%	601,073	312,004	52.4%
Property tax in lieu, leased land rental	1,850,000	996,153	53.8%	1,850,000	996,153	53.8%
Other	35,850	3,629 (I)	10.1%	18,000	4,200	12.4%
Total Operating Expenses	4,922,167	2,515,189	51.1%	4,848,841	2,433,650	50.7%
OPERATING INCOME (LOSS)	3,442,913	2,269,991	65.9%	3,671,159	1,712,815	68.6%
NON-OPERATING REVENUES						
Interest income - Operations	40,000	62,374 (J)	155.9%	90,000	31,029	31.0%
Total Non-Operating Revenues	40,000	62,374	155.9%	90,000	31,029	31.0%
NON-OPERATING EXPENSES						
Interest expense	223,379	120,281	53.8%	223,379	129,658	53.8%
Income (Loss) before transfers	3,259,534	2,212,084	67.9%	3,537,780	1,614,186	68.6%
OPERATING TRANSFERS OUT	(2,455,463)	(1,322,173)	53.8%	(2,455,463)	(1,269,833)	53.9%
NET INCOME (LOSS)	\$ 804,071	\$ 889,911	110.7%	\$ 1,082,317	\$ 344,353	13123.9%

- (A) Budget includes prior year encumbrances in the amount of \$4,691
- (B) Receipts from tenants are based on the calendar year, they are received the first of the month; on a monthly budget basis the percentage of budget expired would be 58.3%.
- (C) Transient parking fees were substantially higher than budget in the summer months; with the fees leveling off in the fall. The tiedown budget is on average running 5% over every month. The budget for 2006 will be adjusted.
- (D) The budget for salaries and benefits charges from other departments for non-aeronautical is low. In the past the aeronautical salaries and benefits have come in under budget by one to two percent and as of period 7 this trend is continuing. The total Airport salaries and benefit expenditures are projected to be within budget.
- (E) The material and supplies budget to date has not been realized, with the majority of maintenance expenditures planned in the fourth quarter.
- (F) The non-aeronautical budget for professional /legal services is \$36,512 for items that arise during the year, to date no expenditures have been incurred for legal services.
- (G) No major capital expenditures occurred in the prior year or for the year to date as a result depreciation is lower than anticipated.
- (H) Annual Airport Liability Insurance was paid in the first period in the amount of \$12,285, utilizing 43.6% of the budget.
- (I) To date the expenditures for the travel and training budget have not been realized.
- (J) The interest earnings are higher than anticipated due to a higher cash balance and the budget will be adjusted in the next fiscal year.

AIRPORT - AERONAUTICAL
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	2005 Year-to-Date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Leased land area rentals	\$ 929,000	\$ 536,899 (B)	57.8%	\$ 929,000	\$ 490,781	56.8%
Hangar and building rentals	2,046,000	1,212,388 (B)	59.3%	2,078,000	1,159,056	57.7%
Airfield fees and charges	152,000	92,503 (C)	60.9%	158,000	84,923	62.4%
Other	8,000	3,846	48.1%	7,000	3,858	52.1%
Total Operating Revenues	3,135,000	1,845,636	58.9%	3,172,000	1,738,618	57.7%
OPERATING EXPENSES						
Salaries and employee benefits	1,265,327	625,309	49.4%	1,253,000	578,370	50.1%
Services and supplies	332,912	150,724 (D)	45.3%	316,000	134,517	42.1%
Other Professional services	188,526	95,397	50.6%	188,526	97,715	41.5%
Depreciation and amortization	300,305	142,044 (E)	47.3%	289,000	142,982	47.6%
Insurance and claims	28,169	19,854 (F)	70.5%	28,169	19,889	70.6%
Interdepartmental charges	601,073	323,107	53.8%	601,073	312,004	52.4%
Payment to City in lieu of taxes	250,000	134,615	53.8%	250,000	134,615	53.8%
Other	9,500	203 (G)	2.1%	5,000	611	6.4%
Total Operating Expenses	2,975,812	1,491,253	50.1%	2,930,768	1,420,703	49.1%
OPERATING INCOME (LOSS)	159,188	354,383	222.6%	241,232	317,915	260.9%
NON-OPERATING EXPENSES						
Interest expense	223,379	120,281	53.8%	223,379	129,658	53.8%
Total Non-Operating Expenses	223,379	120,281	53.8%	223,379	129,658	53.8%
Income (Loss) before transfers	(64,191)	234,102	464.7%	17,853	188,257	258.3%
OPERATING TRANSFERS OUT	(11,200)	(6,031)	53.8%	(11,200)	(7,538)	59.5%
NET INCOME (LOSS)	\$ (75,391)	\$ 228,071	402.5%	\$ 6,653	\$ 180,719	237.3%

(A) Budget includes prior year encumbrances in the amount of \$2,485

(B) Receipts from tenants are based on the calendar year, they are received the first of the month; on a monthly budget basis the percentage of budget expired would be 58.3%.

(C) Transient parking fees were substantially higher than budget in the summer months; with the fees leveling off in the fall.

The tiedown budget is on average running 5% over every month. The budget for 2006 will be adjusted.

(D) The material and supplies budget to date has not been realized, with the majority of maintenance expenditures planned in the fourth quarter.

(E) No major capital expenditures occurred in the prior year or for the year to date as a result depreciation is lower than anticipated.

(F) Annual Airport Liability Insurance was paid in the first period in the amount of \$12,285, utilizing 43.6% of the budget.

(G) To date the expenditures for the travel and training budget have not been realized.

Schedule F-3

AIRPORT - NON-AERONAUTICAL STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	2005 Year-to-Date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Leased land area rentals	\$ 5,230,080	\$ 2,939,544	56.2%	\$ 5,348,000	\$ 2,407,847	56.2%
Total Operating Revenues	5,230,080	2,939,544	56.2%	5,348,000	2,407,847	56.2%
OPERATING EXPENSES						
Salaries and employee benefits	194,920	111,279 (B)	57.1%	207,000 (B)	100,127	64.4%
Services and supplies	16,073	8,655	53.8%	16,073	8,655	53.8%
Other Professional services	109,012	39,038 (C)	35.8%	82,000	39,038	34.6%
Leased Land Rental	1,600,000	861,538	53.8%	1,600,000	861,538	53.8%
Other	26,350	3,426 (D)	13.0%	13,000	3,589	14.7%
Total Operating Expenses	1,946,355	1,023,936	52.6%	1,918,073	1,012,947	53.1%
OPERATING INCOME (LOSS)	3,283,725	1,915,608	58.3%	3,429,927	1,394,900	58.8%
NON-OPERATING REVENUES						
Interest income - Operations	40,000	62,374 (E)	155.9%	90,000	31,029	31.0%
Total Non-Operating Revenues	40,000	62,374	155.9%	90,000	31,029	31.0%
Income (Loss) before transfers	3,323,725	1,977,982	59.5%	3,519,927	1,425,929	57.7%
OPERATING TRANSFERS OUT	(2,444,263)	(1,316,142)	53.8%	(2,444,263)	(1,262,295)	53.8%
NET INCOME (LOSS)	\$ 879,462	\$ 661,840	75.3%	\$ 1,075,664	\$ 163,634	126.9%

(A) Budget includes prior year encumbrances in the amount of \$2,206

(B) The budget for salaries and benefits charges from other departments for non-aeronautical is low. In the past the aeronautical salaries and benefits have come in under budget by one to two percent and as of period 7 this trend is continuing. The total Airport salaries and benefit expenditures are projected to be within budget.

(C) The non-aeronautical budget for professional /legal services is \$36,512 for items that arise during the year, to date no expenditures have been incurred for legal services.

(D) To date the expenditures for the travel and training budget have not been realized.

(E) The interest earnings are higher than anticipated due to a higher cash balance and the budget will be adjusted in the next fiscal year.

AIRPORT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED JANUARY 7, 2006

Cash flows from operating activities

Operating income	\$2,269,991	
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	142,044	
(Increase) in accounts receivable	(198,659)	
Decrease in prepaids	1,151	
(Decrease) in accounts payable	(92,692)	
(Decrease) in deferred liabilities	(169,557)	
Net cash provided by operating activities	<u> </u>	\$1,952,278

Cash flows from capital and related financing activities

Capital expenditures	(283,207)	
Interest expense	(120,281)	
Net cash used by capital and related financing	<u> </u>	(403,488)

Cash flows from noncapital financing activities

Operating transfer out	(1,322,173)	
Net cash used by noncapital financing activities	<u> </u>	(1,322,173)

Cash flows from investing activities

Interest on investments	62,374	
Net change in cash	<u> </u>	288,991

Cash and cash equivalents, July 1, 2005

3,862,174

Cash and cash equivalents, January 7, 2006

\$4,151,165

TRANSIT FUND**BALANCE SHEET
JANUARY 7, 2006**

	<u>January 7, 2006</u>
ASSETS	
Pooled Cash and Investments	\$167,234
Accounts Receivable	5,283
Accrued interest receivable	6,274
Inventory	635,904
Due from other Governments	2,172,616
<i>Total Current Assets</i>	<u>2,987,311</u>
Property, Plant and Equipment, net	13,723,443
Total Assets	<u>\$16,710,753</u>
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$22,005
Accrued Salaries and Benefits Payable	851,334
<i>Total Current Liabilities</i>	<u>873,339</u>
Deferred Liability	242,523
Total Liabilities	<u>1,115,862</u>
Fund Equity	
Retained Earnings - Reserved	323,200 (A)
Retained Deficit - Unreserved	15,271,691
Total Fund Equity	<u>15,594,891</u>
Total Liabilities and Fund Equity	<u>\$16,710,753</u>

(A) Represents amount used to balance FY05-06 budget.

TRANSIT FUND OPERATING SUMMARY
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED JANUARY 7, 2006 - 52.3% EXPIRED

	(A) Annual Budget	Year-to-date Actual Without Enc.	Budget % W/O Enc.	Projected Actual 6/30/2006	2005 Year-to-date Actual Without Enc.	2005 Budget % W/O Enc.
OPERATING REVENUES						
Passenger cash fares	\$ 2,551,700	\$ 1,136,515 (B)	44.5%	\$ 2,336,700	\$ 1,170,711	45.5%
Special bus service	6,921	38 (C)	0.5%	5,500	982	14.2%
Advertising	135,864	30,411 (D)	22.4%	135,864	55,203	40.6%
Miscellaneous	3,203	2,485 (E)	77.6%	3,203	1,199	46.6%
Total Operating Revenues	2,697,688	1,169,449	43.4%	2,481,267	1,228,095	45.1%
NON-OPERATING REVENUES						
SB-325 allocation	5,073,431	2,536,715	50.0%	5,073,431	2,095,882	50.0%
5% Security	244,823	122,411	50.0%	244,823	109,947	50.0%
Proposition A Discretionary	3,248,479	1,624,240	50.0%	3,248,479	1,358,696	50.0%
Prop. C Disc. - Fair Share/Interest	-	-	N/A	-	79,183	50.0%
Prop. C Disc. - Svc Exp	193,243	96,621	50.0%	193,243	88,351	50.0%
Prop. C Disc. - Shortfall & Zone M	140,352	70,176	50.0%	140,352	65,076	50.0%
Prop. A Interest	-	-	N/A	-	23,035	100.0%
Prop. C - Base Restructuring	565,213	282,607	50.0%	565,213	275,204	50.0%
Prop. C - BSIP Overcrowding	187,599	93,800	50.0%	187,599	91,342	50.0%
Prop. A - Torrance Dial-a-Lift	180,100	90,050	50.0%	180,100	-	0.0%
Prop. A - Local Return	1,948,538	1,071,064	55.0%	1,948,538	1,030,400	58.4%
Prop. A - Exchange	200,000	200,000 (F)	100.0%	200,000	100,000	100.0%
Prop C Local Return	1,154,000	621,383	53.8%	1,154,000	729,078	58.1%
Transit STAF	510,878	127,719 (D)	25.0%	510,878	-	0.0%
Other cities	90,000	11,081 (D)	12.3%	90,000	22,712	90.8%
Municipal Operators Service Program	219,530	109,765	50.0%	219,530	-	0.0%
Capital Maintenance Revenues	2,140,000	- (G)	0.0%	2,140,000	-	0.0%
Interest	40,000	11,750 (H)	29.4%	40,000	26,689	48.5%
Total Non-Operating Revenues	16,136,186	7,069,382	43.8%	16,136,186	6,095,595	42.3%
Total Revenues / Resources	18,833,874	8,238,831	43.7%	18,617,453	7,323,690	42.7%
OPERATING EXPENSES						
Salaries and employee benefits	12,412,314	6,037,194	48.6%	11,594,178	5,660,970	50.3%
Services and supplies	1,890,724	1,182,977 (I)	62.6%	2,140,724	935,061	52.6%
Other professional services	1,995,271	618,344 (K)	31.0%	1,995,271	672,755	37.4%
Depreciation and amortization	2,148,000	1,133,457	52.8%	2,148,000	1,085,640	63.5%
Insurance and Claims	351,252	161,082 (L)	45.9%	351,252	224,619	63.9%
Interdepartmental charges	2,264,730	1,129,385	49.9%	2,163,265	1,162,066	53.0%
Other	86,200	60,260 (J)	69.9%	86,200	41,865	54.9%
Total Expenses	21,148,491	10,322,699	48.8%	20,478,890	9,782,976	51.1%
Income (Loss) before transfers	(2,314,617)	(2,083,869)	90.0%	(1,861,437)	(2,459,286)	119.1%
OPERATING TRANSFERS IN (OUT)	(156,583)	(84,766)	54.1%	(156,583)	(15,021)	61.5%
Income (Loss)	(2,471,200)	(2,168,635)	87.8%	(2,018,020)	(2,474,307)	120.8%
ADD: DEPRECIATION	2,148,000	1,133,457	52.8%	2,148,000	1,085,640	63.5%
FROM FUND BALANCE	323,200	1,035,178	320.3%	-	1,388,667	409.5%
NET INCOME (LOSS)	\$ -	\$ -	N/A	\$ 129,980	\$ -	N/A
PARTS AND FUEL INVENTORY PURCHASES						
Parts Inventory Purchases	435,900	211,235	48.5%	435,900		
Fuel Inventory Purchases	1,203,400	670,641	55.7%	1,203,400		
Lubricants Inventory Purchases	17,033	6,231	36.6%	17,033		
Total Parts & Fuel Inventory Purchases	1,656,333	888,107	53.6%	1,656,333		

(A) Annual budget includes prior year encumbrances of 262,139.

(B) Actual ridership continues to decrease as a result of the relocation of the Del Amo Mall station.

(C) Special bus service requests are at its peak during the Rose Parade in January of each year. Rose Parade billing is being processed.

(D) Actual amount represents advertising revenues for the 1st quarter. Transit STAF, Dial A Taxi Program Prop A & contributions from other cities are billed within 30 days after the end of each quarter.

(E) This amount includes proceeds from auction sale of vehicle.

(F) This represents Prop A Exchange with the City of Palos Verdes as approved by Council on Sept 14, 2004 Item #7B.

(G) Amount budgeted is for capital maintenance cost to be reimbursed by the FTA & other local funds as stated on this year's FTA grant application which will be submitted to FTA for review and approval in the 3rd quarter.

(H) Cash balance is lower than anticipated as of Period 7 due to the outstanding preventive maintenance grant which is expected to be reimbursed by the end of the 3rd quarter.

(I) Fuel usage increased during the period and lubricants were also purchased which was not anticipated in the budget.

(J) Annual APTA fee and California Transit Association dues in the amount of \$15,483 and \$9,734 respectively were paid in Period 1.

(K) Invoices for professional services have not been received for processing. Budget is projected to be fully utilized.

(L) Settlements and claims are low during the period. Budget is projected to be fully utilized towards year-end.

Schedule G-2

TRANSIT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED JANUARY 7, 2006

Cash flows from operating activities

Operating loss	(\$9,153,250)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation and amortization	1,133,457
(Increase) in accounts receivable	(2,950)
Decrease in inventory	49,909
Decrease in due from governments	941,001
Decrease in prepaids	18,871
(Decrease) in accounts payable	(375,056)
	<hr/>

Net cash used by operating activities (\$7,388,018)

Cash flows from capital and related financing activities

Capital expenditures	(311,685)
Contributed capital received	67,735
	<hr/>

Net cash used by capital and related financing (243,951)

Cash flows from noncapital financing activities

Operating transfers in (out)	(84,766)
Operating grants received	7,069,382
	<hr/>

Net cash provided by noncapital financing activities 6,984,616

Net change in cash (647,353)

Cash, restricted cash and cash equivalents, July 1, 2005 814,587

Cash, restricted cash and cash equivalents, January 7, 2006 \$167,234

Municipal Area Express (MAX)

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For Seven Periods Ended January 7, 2006 - 52.3% Expired

	(A) Budget	Actual	% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:						
Transit Revenues	\$ 465,285	\$ 233,532	50.2%	\$ 465,285	\$ 197,937	45.0%
Use of money and property	—	11,411	N/A	11,411	1,320	N/A
Intergovernmental	437,748	218,874	50.0%	437,748	218,880	50.0%
Total revenues	903,033	463,817	51.4%	914,444	418,137	47.6%
Expenditures:						
Current:						
Salaries & Benefits	16,200	345 (B)	2.1%	16,200	1,491	9.2%
Materials & Supplies	4,500	2,426	53.9%	4,500	703	15.6%
Professional Technical	886,078	294,827 (C)	33.3%	886,078	412,577	48.3%
City Charges	3,068	60 (B)	2.0%	3,068	282	9.2%
Total expenditures	909,846	297,658	32.7%	909,846	415,053	47.3%
From Fund Balance	6,813	—	N/A	—	—	N/A
Excess (deficiency) of revenues over expenditures	\$ —	\$ 166,159	N/A	\$ 4,598	\$ 3,084	N/A

(A) Annual budget includes prior year encumbrance of \$6,813.

(B) Salary allocation for Admin. Analyst will be reflected in future periods.

(C) MV Transportation invoice for the November service amounting to \$68,464 will be processed for payment in Period 8. The invoice for the December service has not been received.

WATER FUND**BALANCE SHEET**

January 7, 2006

	<u>January 7, 2006</u>
ASSETS	
Pooled Cash and Investments	\$ 12,090,657
Accounts Receivable	3,385,976
Accrued Interest Receivable	99,171
Inventories	342,747
Total Current Assets	15,918,551
Restricted cash and investments	
Pooled cash and investments	513,444
Total Restricted Cash	513,444
Utility plant in service, net	60,357,408
Advances to other funds	1,164,932
Total Assets	\$ 77,954,335
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 2,147,511
Accrued Liabilities	337,971
Retainage Payable	167,373
Revenue bonds due within one year	445,000
Interest on Revenue Bonds due within one year	59,833
Total Current Liabilities	3,157,688
Noncurrent Portion of revenue bonds outstanding	4,165,000
Total Liabilities	7,322,688
Fund Equity	
Contributed Capital	6,062,553
Retained Earnings - Unreserved	64,569,094
Total Fund Equity	70,631,647
Total Liabilities and Fund Equity	\$ 77,954,335

Schedule H-1

WATER FUND OPERATIONS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget(A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	FY 2005 Year-To-Date Actual Without Enc.	FY 2005 Budget % Without Enc.
OPERATING REVENUES						
Water Sales	\$ 20,585,000	\$ 10,659,566	51.8%	\$ 20,760,000	\$ 10,591,849	52.1%
Other	764,300	455,583 (B)	59.6%	775,000	437,612	57.3%
Total Operating Revenues	21,349,300	11,115,149	52.1%	21,535,000	11,029,461	52.3%
OPERATING EXPENSES:						
Salaries and employee benefits	4,258,596	1,642,641 (C)	38.6%	3,800,000	1,699,341	41.8%
Services and supplies	953,587	544,907	57.1%	975,000	404,252	38.7%
Other professional services	611,053	181,270 (D)	29.7%	528,000	250,633	41.6%
Depreciation and amortization	1,243,800	627,882	50.5%	1,243,800	42,014	3.4%
Insurance and claims	92,109	26,903 (E)	29.2%	92,109	28,457	30.9%
In Lieu franchise payments	700,000	376,923	53.8%	700,000	376,923	53.8%
Interdepartmental charges	1,014,709	434,631 (F)	42.8%	936,000	439,741	43.6%
Cost of water	12,091,863	7,031,479 (G)	58.2%	12,690,000	6,568,503	54.3%
Others	76,575	34,429 (H)	45.0%	76,575	25,745	32.8%
Total Operating Expenses	21,042,292	10,901,065	51.8%	21,041,484	9,835,609	47.0%
OPERATING INCOME (LOSS)	307,008	214,084	69.7%	493,516	1,193,852	737.3%
NON-OPERATING REVENUES						
Interest income - Operations	400,000	245,113 (I)	61.3%	450,000	219,684	36.6%
Total Non-Operating Revenues	400,000	245,113	61.3%	450,000	219,684	36.6%
NON-OPERATING EXPENSES						
Interest expense	194,700	92,400 (J)	47.5%	194,700	161,208	49.6%
Total Non-Operating Expenses	194,700	92,400	47.5%	194,700	161,208	49.6%
Income (Loss) before transfers	512,308	366,797	71.6%	748,816	1,252,328	286.4%
OPERATING TRANSFERS OUT	(28,999)	(17,276) (K)	59.6%	(28,999)	(13,355)	62.7%
NET INCOME (LOSS)	\$ 483,309	\$ 349,521	72.3%	\$719,817	\$ 1,238,973	297.9%

(A) Annual Budget includes prior year encumbrances budget of \$253,193.

(B) Late charges and water start fees are higher than expected.

(C) Salaries and benefits are under budget due to Water Service Technician and Assistant Engineer vacancies and less overtime worked.

(D) Some contracts budgeted in Professional/Technical Services will not be initiated. In addition, Special or Contract Services have been encumbered for \$74,000.

(E) There have been no insurance claims under \$50,000 as of Period 7.

(F) Almost 71% of indirect costs are a flat percent of Salaries and Benefits which are low.

(G) December West Basin pass-thru credit of \$159,622 was not posted as of the end of Period 7.

(H) Travel and Training as well as Bad Debt Expense are low.

(I) Operating Income in the prior year was \$2 million higher than budget due to higher water revenues, unfilled vacancies and less overtime worked. In addition, project expenditures have been slower than expected so the cash balance is high. The Interest Income budget for fiscal year 2006/07 will be adjusted.

(J) Bond interest expense payments are due on September 1st and March 1st of each year.

(K) There was a CIT computer replacement charge of \$3600 which was posted in Period 6. The rest of the transfer out charges are posted on a period basis.

WATER FUND
STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006

Cash flows from operating activities

Operating income	\$ 214,084	
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	627,882	
Decrease in accounts receivable	991,131	
Decrease in prepaid	30,918	
Decrease in inventory	32,001	
(Decrease) in accounts payable	(537,863)	
(Decrease) in deposits	(183,371)	
Net cash provided by operating activities	\$ 1,174,782	

Cash flows from capital and related financing activities

Capital expenditures	(2,185,550)	
Interest paid on 2004 revenue bonds	(92,400)	
Contributed capital received	11,743	
Net cash used by capital and related financing	(2,266,207)	

Cash flows from noncapital financing activities

Operating transfers out	(17,276)	
Net cash used by noncapital financing activities	(17,276)	

Cash flows from investing activities

Interest on investments	245,113	
Net cash provided by investing activities	245,113	

Net change in cash (863,588)

Cash, restricted cash and cash equivalents, July 1, 2005 13,467,689

Cash, restricted cash and cash equivalents, January 7, 2006 \$ 12,604,101 (A)

(A) Includes cash held by trustee and project cash.

EMERGENCY MEDICAL SERVICES FUND**BALANCE SHEET**

January 7, 2006

January 7, 2006**ASSETS**

Pooled Cash and Investments \$ (306,554)

Total Current Assets (306,554)

Property, Plant and Equipment, net 58,446

Total Assets \$ (248,108)**LIABILITIES AND FUND EQUITY****Current Liabilities**

Accounts Payable \$ 1,066

Total Liabilities 1,066**Fund Equity(Deficit)**

Retained Deficit - Unreserved (249,174)

Total Fund Equity(Deficit) (249,174)**Total Liabilities and Fund Equity** \$ (248,108)

Schedule I-1

EMERGENCY MEDICAL SERVICES FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget(A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	FY 2005 Year-To-Date Actual Without Enc.	FY 2005 Budget % Without Enc.
OPERATING REVENUES						
PM ALS Resp and Transport Fees	\$ 652,000	\$ 329,670	50.6%	\$ 785,000	\$ 413,164	75.9%
Medical Resupply Fee	106,000	48,047 (B)	45.3%	155,000	74,589	48.2%
Paramedic Medic Facility Fee	99,000	54,951	55.5%	110,000	47,610	81.6%
Total Operating Revenues	857,000	432,668	50.5%	1,050,000	535,363	70.7%
OPERATING EXPENSES:						
Salaries and employee benefits	7,212,277	3,567,753 (C)	49.5%	7,100,000	3,134,394	46.0%
Services and supplies	262,131	111,985 (D)	42.7%	262,131	89,946	37.6%
Depreciation and amortization	-	3,328	N/A	6,300	-	N/A
Other professional services	35,760	8,550 (E)	23.9%	35,760	10,511	32.5%
Others	10,000	3,439	34.4%	10,000	435	4.4%
Total Operating Expenses	7,520,168	3,695,055	49.1%	7,414,191	3,235,286	45.6%
OPERATING INCOME (LOSS)	(6,663,168)	(3,262,387)	49.0%	(6,364,191)	(2,699,923)	42.6%
NON-OPERATING REVENUES (EXPENSE)						
Capital Acquisitions	-	-	N/A	-	(23,101)	27.6%
Total Non-Operating Revenues (Expense)	-	-	N/A	-	(23,101)	27.6%
Income (Loss) before transfers	(6,663,168)	(3,262,387)	49.0%	(6,364,191)	(2,723,024)	42.4%
OPERATING TRANSFERS IN	6,663,168	3,262,387	49.0%	6,364,191	3,533,694	53.8%
NET INCOME (LOSS)	\$ -	\$ -	N/A	-	\$ 810,670	580.5%

(A) Annual Budget includes prior year encumbrances budget of \$15,805.

(B) The medical resupply revenue doesn't reflect \$26,036 fees received on Jan. 11, 2006. This receipt brings revenues to 70% of budget.

(C) Paramedic position vacancies have varied since the beginning of the fiscal year. Currently there are 2 vacant positions.

(D) Paramedic supplies are encumbered for the whole year at 100% of the budget. Invoices paid as of the end of Period 7 account for only 29% of that budget or \$22,566.

(E) Consulting services have been encumbered using 36% of the budget but not all invoices have been presented for payment.

EMERGENCY MEDICAL SERVICES FUND**STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006****Cash flows from operating activities**

Operating loss	\$	(3,262,387)	
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation and amortization		3,328	
Decrease in accounts receivable		61,647	
(Decrease) in accounts payable		(11,006)	
(Decrease) in due to other funds		(176,651)	
Net cash used by operating activities			(\$3,385,069)

Cash flows from capital and related financing activities

Capital expenditures		(7,221)	
Net cash used by capital and related financing			(7,221)

Cash flows from noncapital financing activities

Operating transfers in		3,262,387	
Net cash provided by noncapital financing activities			3,262,387

Net change in cash (129,903)

Cash, restricted cash and cash equivalents, July 1, 2005 (176,651)

Cash, restricted cash and cash equivalents, January 7, 2006 \$ (306,554)

SANITATION ENTERPRISE FUND**BALANCE SHEET**

January 7, 2006

	<u>January 7, 2006</u>
ASSETS	
Pooled Cash and Investments	\$ 2,771,977
Accounts Receivable	758,121
Prepays	3,691
Total Current Assets	3,533,789
Utility plant in service, net	67,266
Total Assets	\$ 3,601,055
 LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accrued Liabilities	\$ 387,673
Total Liabilities	387,673
Fund Equity	
Retained Earnings - Reserved	627,467 (A)
Retained Earnings - Unreserved	2,585,915
Total Fund Equity	3,213,382
Total Liabilities and Fund Equity	\$ 3,601,055

(A) - Includes amount used to balance the 2005/06 budget.

SANITATION ENTERPRISE FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	FY 2005 Year-To-Date Actual Without Enc.	FY 2005 Budget % Without Enc.
OPERATING REVENUES						
Refuse fee revenue	\$ 6,209,000	\$ 3,384,864	54.5%	\$6,400,000	\$ 3,201,641	53.6%
Sewer fee revenue	1,195,000	696,779 (B)	58.3%	1,320,000	681,621	61.9%
Recycling fee revenue	1,340,000	727,836	54.3%	1,475,000	784,407	65.4%
AB 939 fee revenue	571,000	253,774 (C)	44.4%	610,000	311,208	58.6%
Total Operating Revenues	9,315,000	5,063,253	54.4%	9,805,000	4,978,877	56.5%
OPERATING EXPENSES:						
Salaries and employee benefits	4,148,439	2,009,397 (D)	48.4%	3,855,000	1,930,234	49.3%
Services and supplies	2,298,044	1,425,309 (E)	62.0%	2,526,565	829,373	48.4%
Depreciation and amortization	17,880	6,825 (F)	38.2%	17,880	9,674	186.0%
Other professional services	2,541,538	825,845 (G)	32.5%	2,541,538	785,751	38.8%
Insurance and claims	222,374	108,784	48.9%	222,374	115,891	52.1%
Interdepartmental charges	799,672	368,619 (D)	46.1%	750,589	380,346	52.8%
Others	29,520	6,622 (H)	22.4%	29,520	17,812	60.3%
Total Operating Expenses	10,057,467	4,751,401	47.2%	9,943,466	4,069,081	47.1%
OPERATING INCOME (LOSS)	(742,467)	311,852	142.0%	(138,466)	909,796	516.7%
NON-OPERATING REV (EXP)						
Interest income (expense)	40,000	84,070 (I)	210.2%	140,000	24,757	165.2%
Total Non-Operating Revenues (Expense)	40,000	84,070	210.2%	140,000	24,757	165.2%
Income (Loss) before transfers	(702,467)	395,922	156.4%	1,534	934,553	676.8%
OPERATING TRANSFERS IN	75,000	40,385	53.8%	75,000	40,385	53.8%
OPERATING TRANSFERS OUT	-	-	N/A	-	(99,496)	100.0%
FROM FUND BALANCE	627,467	-	N/A	-	-	N/A
NET INCOME (LOSS)	\$ -	\$ 436,307	N/A	\$76,534	\$ 875,442	770.8%

(A) Annual budget includes prior year encumbrances budget of \$52,358.

(B) Sewer Fee Revenue is high due to higher water usage.

(C) Private Hauler Fees are reported quarterly and the majority of the second quarter fees have not been received.

(D) Refuse overtime pay and labor charges from other departments are both under 19% expended. In addition, there are Refuse Truck Operator positions that are vacant. Interdepartmental charges are based on a flat percentage of salaries and benefits expense.

(E) Vehicle charges from Fleet Services are 67% expended at the end of Period 7 due to the new methodology used to charge departments.

The Refuse vehicle charges 2005/06 budget was increased from the previous year by \$92,000.

(F) Refuse budgeted \$5,200 in depreciation expense but their assets were fully depreciated by the end of fiscal year 2004/05.

(G) The budget for Refuse Dump Fees was increased by \$500,000 in Period 7 due to higher rates under a new contract. The new contract was released on January 13, 2006 (Period 8). The November and December invoices were paid in Period 9 for a total amount of \$339,565.

(H) Travel and Training expenditures have not been incurred and Bad Debt Expense is low.

(I) Operating income in the prior fiscal year was \$900,000 higher than budget due to increased Refuse Revenues on more tonnage collected. The Interest Income budget for fiscal year 2006/07 will be adjusted.

SANITATION ENTERPRISE FUND**STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006****Cash flows from operating activities**

Operating income	\$	311,852	
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization		6,825	
Decrease in accounts receivable		230,945	
Decrease in other prepayments		2,288	
(Decrease) in accounts payable		(156,427)	
(Decrease) in accrued liabilities		(6,419)	
Net cash provided by operating activities			\$ 389,064

Cash flows from capital and related financing activities

Capital Grants	57,904	
Capital expenditures	(31,688)	
Net cash provided by capital and related financing		26,216

Cash flows from noncapital financing activities

Operating transfers in	40,385	
Net cash provided by noncapital financing activities		40,385

Cash flows from investing activities

Interest income (expense)	84,070	
Net cash provided by investing activities		84,070

Net change in cash 539,735

Cash, restricted cash and cash equivalents, July 1, 2005 2,232,242

Cash, restricted cash and cash equivalents, January 7, 2006 \$ 2,771,977

CULTURAL ARTS CENTER ENTERPRISE FUND**BALANCE SHEET**

January 7, 2006

	<u>January 7, 2006</u>
ASSETS	
Pooled Cash and Investments	\$520,837
Accounts Receivable	8,663
Total Current Assets	529,500
Machinery and Equipment, net	491,308
Total Assets	\$1,020,808
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$222,813
Accrued liabilities	41,841
Total Liabilities	264,654
Fund Equity	
Retained Earnings - Reserved	242,858 (A)
Retained Earnings - Unreserved	513,296
Total Fund Equity	756,154
Total Liabilities and Fund Equity	\$1,020,808

(A) Represents amount used to balance FY05-06 budget

Schedule K-1

CULTURAL ARTS CENTER ENTERPRISE FUND

STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED JANUARY 7, 2006 52.3% EXPIRED

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	2005 Year-To-Date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Charges for services	\$ 703,000	\$ 353,854 (A)	50.3%	\$ 710,000	\$ 365,134	54.0%
Total Operating Revenues	703,000	353,854	50.3%	710,000	365,134	54.0%
OPERATING EXPENSES:						
Salaries and employee benefits	1,259,447	630,930	50.1%	1,259,447	576,376	51.0%
Services and supplies	134,002	36,665 (B)	27.4%	107,000	34,489	22.6%
Other professional services	303,025	135,289 (B)	44.6%	288,000	148,655	48.1%
Depreciation and amortization	6,600	3,366	51.0%	6,600	2,215	39.6%
Interdepartmental charges	99,877	53,803	53.9%	99,877	53,602	53.8%
Other	12,400	196 (C)	1.6%	5,000	1412	11.4%
Total Operating Expenses	1,815,351	860,249	47.4%	1,765,924	816,749	47.8%
OPERATING INCOME (LOSS)	(1,112,351)	(506,395)	45.5%	(1,055,924)	(451,615)	43.7%
NON-OPERATING REVENUES						
Other - Grants	73,200	30,765 (D)	42.0%	73,200	42,316	57.8%
TCAC Foundation - Grants	25,000	9,536 (E)	38.1%	25,000	7,235	28.9%
Total Non-Operating Revenues	98,200	40,301	41.0%	98,200	49,551	50.5%
Income (Loss) before transfers	(1,014,151)	(466,094)	46.0%	(957,724)	(402,064)	43.0%
OPERATING TRANSFERS IN	782,993	422,958	54.0%	782,993	420,040	53.8%
OPERATING TRANSFERS OUT	(11,700)	(6,300)	53.8%	(11,700)	(4,362)	53.9%
FROM FUND BALANCE	242,858	49,436	20.4%	186,431	—	0.0%
OVER (UNDER) SUBSIDY	—	—	NA	—	\$ 13,614	NA

(A) Theater rental revenue for period 7 is 30.9% this is 21.4% lower than projected. Rental income volume is lower due to a bulk of bookings from non-paying clients such as: Cultural Services, TCAC Foundation & Employee Talent Show.

(B) Various maintenance projects are taking place in the winter that will utilize the materials and professional services budget.

(C) To date the expenditures for travel and training have not been realized.

(D) To date other grant revenue has not been realized but will be 100% realized by the end of the year.

(E) The TCAC Foundation's 2005/06 season began on October 1st with the majority of shows taking place in the Winter/Spring seasons.

CULTURAL ARTS CENTER ENTERPRISE FUND
BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED JANUARY 7, 2006 - 52.3% EXPIRED

	Meeting Rooms				CLASSROOMS				THEATERS				TOTAL			
	Annual Budget 05-06	Period 7 Budget	Actual 1/7/2006	Variance Favorable (Unfav.)	% of Budget To Actual	Annual Budget 05-06	Period 7 Budget	Actual 1/7/2006	Variance Favorable (Unfav.)	% of Budget To Actual	Annual Budget 05-06	Period 7 Budget	Actual 1/7/2006	Variance Favorable (Unfav.)	% of Budget To Actual	
Rental	\$ 173,000	\$ 90,479	\$ 111,040	\$ 20,561	64.2% (A)	\$ 165,000	\$ 86,295	\$ 77,379	\$ (8,916)	46.9%	\$ 105,000	\$ 54,915	\$ 32,464	\$ (22,451)	30.9% (B)	\$ 220,883
Labor	72,000	37,656	42,485	4,829	59.0% (C)	5,000	2,615	—	(2,615)	0.0%	175,000	91,525	87,776	(3,749)	50.2%	\$ 130,261
Grant-Gen. Fund	73,200	38,284	30,765	(7,519)	42.0% (C)	—	—	—	—	NA	25,000	13,075	9,536	(3,539)	38.1% (D)	40,301
Others	—	—	—	—	NA	—	—	—	—	NA	8,000	4,184	2,710	(1,474)	33.9%	2,710
Total Revenues	318,200	166,419	184,290	17,871	57.9%	170,000	88,910	77,379	(11,531)	45.5%	313,000	163,699	132,486	(31,213)	42.3%	394,155
Less: Expenses																
Salaries and benefits	345,015	180,443	169,708	10,735	49.2%	300,016	156,908	139,233	17,675	46.4%	614,416	321,340	321,989	(649)	52.4%	630,930
Service and Supplies	46,329	24,230	18,458	5,772	39.8% (E)	28,123	14,708	1,307	13,401	4.6% (E)	59,550	31,145	16,900	14,245	28.4% (E)	36,665
Other professional services	104,317	54,558	42,167	12,391	40.4% (E)	78,100	40,846	32,757	8,089	41.9% (E)	120,608	63,078	60,365	2,713	50.1% (E)	135,289
Depreciation and amortization	2,300	1,203	905	298	39.3%	—	—	—	—	NA	4,300	2,249	2,461	(212)	57.2%	3,366
Interdept. charges	33,471	17,505	18,046	(541)	53.9%	32,965	17,241	17,750	(509)	53.8%	33,441	17,450	18,007	(517)	53.8%	53,803
Other	5,300	2,772	44	2,728	0.8% (F)	5,200	2,720	—	2,720	NA (F)	1,900	994	152	842	8.0% (F)	196
Total expenses	536,732	280,711	249,328	31,383	46.5%	444,404	232,423	191,047	41,376	43.0%	834,215	436,296	419,874	16,422	50.3%	860,249
Income (loss) from operations	(218,532)	(114,292)	(65,038)	49,254	29.8%	(274,404)	(143,513)	(113,668)	29,845	41.4%	(521,215)	(272,597)	(287,388)	(14,791)	55.1%	(466,094)
Operating Transfers In	132,388	69,239	71,286	2,047	53.8%	254,167	132,929	136,859	(3,930)	53.8%	396,438	207,337	214,813	(7,476)	54.2%	422,958
Operating Transfers Out	(3,800)	(1,987)	(2,046)	59	53.8%	(3,900)	(2,040)	(2,100)	60	53.8%	(4,000)	(2,092)	(2,154)	62	53.9%	(6,300)
From Fund Balance	89,944	47,040	(4,202)	(66,911)	-104.7%	24,137	12,624	(21,091)	(33,715)	-187.4%	128,777	67,352	74,729	7,377	56.0%	49,436
Over (Under) subsidy without enc.	—	—	—	\$ (15,551)	NA	—	—	—	\$ (7,740)	NA	—	—	—	\$ (14,828)	NA	—
Over (Under) subsidy	—	—	—	\$ (15,551)	NA	—	—	—	\$ (7,740)	NA	—	—	—	\$ (14,828)	NA	—

- (A) The budget for 2006/07 will be adjusted to reflect the additional rental income from the George Nakano Theatre.
 (B) Theater rental revenue for period 7 is 30.9%, this is 21.4% lower than projected. Rental income volume is lower due to a bulk of bookings from non-paying clients such as:
 Cultural Services, TCAC Foundation & Employee Talent Show.
 (C) The TCAC Foundation's 2005/06 season began on October 1st with the majority of shows taking place in the Winter/Spring seasons.
 (D) To date other grant revenue has not been realized but will be 100% realized by the end of the year.
 (E) Various maintenance projects are taking place during the winter that will utilize the materials and professional services budget.
 (F) To date the expenditures for travel and training have not been realized.

Schedule K-2

CULTURAL ARTS CENTER ENTERPRISE FUND**STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED JANUARY 7, 2006****Cash flows from operating activities**

Operating loss	(\$506,395)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation and amortization	3,366
Decrease in accounts receivable	15,712
(Decrease) in accounts payable	(63,948)
(Decrease) in retainage payable	(38,584)
	<hr/>

Net cash used by operating activities (\$589,849)

Cash flows from capital and related financing activities

Capital Expenditures	(\$13,361)
Net cash used by capital and related financing	<hr/> (\$13,361)

Cash flows from noncapital financing activities

Operating transfers in	422,958
Operating transfers out	(6,300)
Grants received	40,301
	<hr/>

Net cash provided by noncapital financing activities

456,959

Net change in cash (146,251)

Cash and cash equivalents, July 1, 2005

667,088

Cash and cash equivalents, January 7, 2006

\$520,837

SEWER ENTERPRISE FUND**BALANCE SHEET**

January 7, 2006

January 7, 2006**ASSETS**

Pooled Cash and Investments	\$	10,383,062
Accounts Receivable		47,046
Accrued Interest Receivable		82,861
Total Current Assets		10,512,969

Property, Plant and Equipment, net		42,661,890
Advances to other funds		800,000

Total Assets	\$	53,974,859
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LIABILITIES AND FUND EQUITY**Current Liabilities**

Retainage Payable	\$	36,676
Total Liabilities		36,676

Fund Equity

Contributed Capital		2,786,254
Retained Earnings - Reserved		270,768 (A)
Retained Earnings - Unreserved		50,881,161
Total Fund Equity		53,938,183

Total Liabilities and Fund Equity	\$	53,974,859
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(A) Amount used to balance 2005-06 budget.

Schedule L-1

SEWER ENTERPRISE FUND OPERATIONS STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2006	FY 2005 Year-to-Date Actual Without Enc.	FY 2005 Budget % Without Enc.
OPERATING REVENUES						
Sewer charges	\$ 1,454,500	\$ 776,276	53.4%	\$ 1,650,000	\$ 833,092	57.8%
Sewer revolving fees	32,000	11,315 (A)	35.4%	25,000	16,954	53.0%
Total Operating Revenues	1,486,500	787,591	53.0%	1,675,000	850,046	57.7%
OPERATING EXPENSES						
Salaries and employee benefits	589,397	201,347 (B)	34.2%	465,000	234,315	34.4%
Services and supplies	27,321	2,714 (C)	9.9%	20,000	2,553	8.9%
Other professional services	75,530	39,289	52.0%	75,530	6,776	7.2%
Depreciation	1,005,000	525,383	52.3%	1,005,000	1,383	0.1%
Interdepartmental charges	151,006	58,959 (D)	39.0%	130,000	63,102	37.7%
Other	14,014	418 (E)	3.0%	9,000	3,306	19.7%
Total Operating Expenses	1,862,268	828,110	44.5%	1,704,530	311,435	15.6%
OPERATING INCOME	(375,768)	(40,519)	10.8%	(29,530)	538,611	203.6%
NON-OPERATING REVENUES						
Interest income - Operations	180,000	186,550 (F)	103.6%	325,000	166,812	92.7%
Total Non-Operating Revenues	180,000	186,550	103.6%	325,000	166,812	92.7%
Income before transfers	(195,768)	146,031	174.6%	295,470	705,423	307.7%
OPERATING TRANSFERS OUT	(75,000)	(40,385)	53.8%	(75,000)	(41,318)	54.4%
FROM FUND BALANCE	270,768	-	N/A	-	-	N/A
NET INCOME	\$ -	\$ 105,646	N/A	\$ 220,470	\$ 664,105	N/A

(A) Construction permit activity has slowed since the beginning of the fiscal year.

(B) Regular Salaries and Charges from Other Departments are below budget due to greater utilization of staff for capital improvement projects whose salaries are then charged to the projects rather than the Sewer Fund. In addition, an Associate Engineer position and a Deputy Public Works Director, Engineering position are vacant.

(C) Charges for vehicle and equipment repairs have not been incurred.

(D) Two thirds of the interdepartmental charges budget is based on salary expense which is low for the year.

(E) Bad debt expense is low and the budget for Travel and Training has not been used.

(F) Prior year actual capital expenditures of just over \$500,000 were far below budgeted project expenditures of over \$3 million causing a larger than expected cash balance. The Interest Income budget for fiscal year 2006/07 will be adjusted.

SEWER ENTERPRISE FUND OPERATIONS
STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006

Cash flows from operating activities

Operating loss	\$ (40,519)	
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	525,383	
Decrease in accounts receivable	195,734	
Decrease in prepaids	150	
(Decrease) in accounts payable	(2,838)	
Increase in retainage payable	36,676	
Net cash provided by operating activities	<u>714,586</u>	\$ 714,586

Cash flows from capital and related financing activities

Capital expenditures	(1,306,194)	
Net cash used by capital and related financing		(1,306,194)

Cash flows from non-capital financing activities

Operating transfers out	(40,385)	
Net cash used by non-capital financing activities		(40,385)

Cash flows from investing activities

Interest on investment	186,550	
Net cash provided by investing activities	<u>186,550</u>	186,550

Net change in cash (445,443)

Cash, restricted cash and cash equivalents, July 1, 2005 10,828,505

Cash, restricted cash and cash equivalents, January 7, 2006 \$ 10,383,062 (A)

(A) Includes project cash

Schedule M

PARKS AND RECREATION ENTERPRISE FUND

***BALANCE SHEET
JANUARY 7, 2006***

	<u>January 7, 2006</u>
<i>ASSETS</i>	
Pooled Cash and Investments	(\$330,714)
Accounts Receivable	4,167
Machinery & Equipment - Net	4,838
Buildings (Net)	19,065
<i>Total Assets</i>	<i>(\$302,644)</i>
<i>LIABILITIES AND FUND EQUITY</i>	
<i>Current Liabilities</i>	
Accounts Payable	\$3,120
<i>Total Liabilities</i>	<i>3,120</i>
<i>Fund Equity (Deficit)</i>	
Retained Earnings - Unreserved	(305,764)
<i>Total Fund Equity (Deficit)</i>	<i>(305,764)</i>
<i>Total Liabilities and Fund Equity (Deficit)</i>	<i>(\$302,644)</i>

PARKS AND RECREATION ENTERPRISE FUND
STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED JANUARY 7, 2006-52.3% EXPIRED

	Annual Budget (A)	Year-To-date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	2005 Year-to-date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Charges for services	\$4,031,565	\$2,185,461 (B)	54.2%	\$3,991,611	\$2,301,325	55.1%
Other	-	14,139 (C)	N/A	14,139	34,533	N/A
Total Operating Revenues	4,031,565	2,199,600	54.6%	4,005,750	2,335,858	55.9%
OPERATING EXPENSES:						
Salaries and employee benefits	4,446,857	2,409,884 (D)	54.2%	4,434,276	2,347,567	51.3%
Services and supplies	1,014,424	539,604	53.2%	969,358	497,653	46.7%
Other professional services	1,192,941	641,276 (E)	53.8%	1,135,234	541,553	45.8%
Insurance and claims	18,421	5,059 (F)	27.5%	18,421	5,683	30.9%
Interdepartmental charges	545,766	294,351	53.9%	545,766	292,683	53.8%
Depreciation	-	987	N/A	1,835	764	N/A
Other	17,700	9,610 (G)	54.3%	17,700	7,310	41.3%
Total Operating Expenses	7,236,109	3,900,771	53.9%	7,122,590	3,693,213	49.9%
OPERATING INCOME (LOSS)	(3,204,544)	(1,701,171)	53.1%	(3,116,840)	(1,357,355)	42.0%
Income (Loss) before transfers	(3,204,544)	(1,701,171)	53.1%	(3,116,840)	(1,357,355)	42.0%
OPERATING TRANSFERS IN	2,895,483	1,520,556	52.5%	2,895,483	1,545,519	52.9%
OPERATING TRANSFERS OUT	(59,759)	(31,497)	52.7%	(59,759)	(25,794)	56.4%
OVER (UNDER) SUBSIDY	(\$368,820)	(\$212,112)	57.5%	(\$281,116)	\$162,370	146.2%

(A) Annual budget includes prior year encumbrances budget of \$56,790.

(B) Charges for Services in the Cultural Services division are higher due to the high volume of registrants in nearly all its programs.

(C) An \$8,000 grant was received from Los Angeles County in September, 2005 that funded a summer internship position for the Torrance Theater Company.

(D) Salary reimbursements from LA County for approximately \$91,054 for the Recreation division will not be billed until June, 2006. Also, salaries in the Cultural S division for recurrent employees are high due to the large number of summer registrants in nearly all its programs.

(E) Cultural Services division typically spends a large portion of its professional services budget on agreements with production artists for City showcases, various youth performances and summer musicals.

(F) There have been no claims paid for period 7 and the amount shown reflects administration charges only.

(G) Recreation Services division's travel and annual membership dues to CPRS have been paid.

Schedule M-2

PARKS AND RECREATION - RECREATION SERVICES

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED JANUARY 7, 2006- 52.3% EXPIRED

	Annual Budget (A)	Year-To-date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	2005 Year-to-date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Charges for services	\$3,014,630	\$1,577,805	52.3%	\$2,954,337	\$1,655,955	52.8%
Other	-	-	N/A	-	17,721	N/A
Total Operating Revenues	3,014,630	1,577,805	52.3%	2,954,337	1,673,676	53.3%
OPERATING EXPENSES:						
Salaries and employee benefits	3,506,097	1,880,034 (B)	53.6%	3,471,036	1,799,406	50.9%
Services and supplies	731,641	345,743 (C)	47.3%	695,059	346,231	44.2%
Other professional services	673,097	267,712 (D)	39.8%	625,787	215,992	32.5%
Insurance and claims	18,421	5,059 (E)	27.5%	18,421	5,683	30.9%
Interdepartmental charges	544,066	293,435	53.9%	544,066	291,768	53.8%
Depreciation	-	987	N/A	1,835	764	N/A
Other	11,700	7,922 (F)	67.7%	11,700	4,505	38.5%
Total Operating Expenses	5,485,022	2,800,892	51.1%	5,367,904	2,664,350	47.9%
OPERATING INCOME (LOSS)	(2,470,392)	(1,223,087)	49.5%	(2,413,567)	(990,674)	40.9%
Income (Loss) before transfers	(2,470,392)	(1,223,087)	49.5%	(2,413,567)	(990,674)	40.9%
OPERATING TRANSFERS IN	2,216,507	1,164,075	52.5%	2,216,507	1,156,688	52.9%
OPERATING TRANSFERS OUT	(55,259)	(29,134)	52.7%	(55,259)	(21,902)	55.2%
OVER (UNDER) SUBSIDY	(\$309,145)	(\$88,146)	28.5%	(\$252,319)	\$144,112	152.7%

(A) Annual budget includes prior year encumbrances budget of \$54,337.

(B) Salary reimbursements from LA County for approximately \$91,054 will not be billed until June, 2006.

(C) The division's purchases of T-shirts, party supplies, sports equipments & trophies needed for various classes are on as needed basis so expenditures in this category fluctuate throughout the year.

(D) The division's budget for contract class programming for approximately \$314,600 is underspent as of period 7. Most of these programs will take place in the winter and spring seasons.

(E) There have been no claims paid for period 7, and the amount shown reflects administration charges only.

(F) Membership dues to CPRS for FY 2006 have been paid.

PARKS AND RECREATION - CULTURAL SERVICES**STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED JANUARY 7, 2006- 52.3% EXPIRED**

	Annual Budget (A)	Year-To-date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	2005 Year-to-date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Charges for services	\$1,016,935	\$607,656 (B)	59.8%	\$1,037,274	\$645,370	62.0%
Other	-	14,139 (C)	N/A	14,139	16,812	N/A
Total Operating Revenues	1,016,935	621,795	61.1%	1,051,413	662,182	75.1%
OPERATING EXPENSES:						
Salaries and employee benefits	940,760	529,851 (D)	56.3%	963,240	548,161	52.7%
Services and supplies	282,782	193,861 (E)	68.6%	274,299	151,422	53.5%
Other professional services	519,844	373,565 (F)	71.9%	509,447	325,561	62.8%
Interdepartmental Charges	1,700	915	53.8%	1,700	915	53.8%
Other	6,000	1,688 (G)	28.1%	6,000	2,805	46.8%
Total Operating Expenses	1,751,086	1,099,879	62.8%	1,754,686	1,028,864	55.7%
OPERATING INCOME (LOSS)	(734,151)	(478,084)	65.1%	(703,273)	(366,682)	45.4%
Income (Loss) before transfers	(734,151)	(478,084)	65.1%	(703,273)	(366,682)	45.4%
OPERATING TRANSFERS IN	678,976	356,481	52.5%	678,976	388,831	52.9%
OPERATING TRANSFERS OUT	(4,500)	(2,363)	52.5%	(4,500)	(3,892)	64.7%
OVER (UNDER) SUBSIDY	(\$59,675)	(\$123,966)	207.7%	\$ (28,797)	\$18,257	123.4%

(A) Annual budget includes prior year encumbrances budget of \$2,453.

(B) Charges for Services are higher than budget due to the high volume of summer registrants in nearly all of the division's programs.

(C) An \$8,000 grant was received from Los Angeles County in September, 2005 that funded an internship position for the Torrance Theater Company.

(D) Salaries for recurrent employees are high due to the large number of registrants for the summer seasonal programs.

(E) Services and supplies are high due to the division's advanced purchase of supplies and materials needed for applied art classes and classroom rental charges from CAC.

(F) The division typically spends a large portion of its professional services budget during the summer programming session on agreements with production artists for City Showcases, various youth performances and summer musicals.

(G) The division's annual travel & membership dues budget have not been spent as of period 7.

PARKS AND RECREATION ENTERPRISE FUND**STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED JANUARY 7, 2006****Cash flows from operating activities**

Operating income (loss)	(\$1,701,171)	
Adjustments to reconcile operating income (loss) to net cash used by operating activities		
Depreciation	987	
(Increase) in accounts receivable	(2,948)	
Decrease in due from other govt.	98,436	
Decrease in prepaids	23,520	
(Decrease) in accounts payable	(100,655)	
(Decrease in deferred liabilities	(543,742)	
Net cash used by operating activities		(\$2,225,573)

Cash flows from noncapital financing activities

Operating transfers in	1,520,556	
Operating transfers out	(31,497)	
Net cash provided by noncapital financing activities		1,489,059

Net change in cash (736,514)

Cash and cash equivalents, July 1, 2005 405,800

Cash and cash equivalents, January 7, 2006 (\$330,714)

CAPITAL IMPROVEMENTS FUND**Statement of Revenues, Expenditures
and Changes in Fund Balances****For Seven Periods Ended January 7, 2006, 52.3% Expired**

	<u>Actual</u>
Revenues:	
Other	\$ 48,500
Total revenues	48,500
Expenditures:	
Current:	
Salaries & Benefits	83,046
Materials, supplies and services	18,381
Professional Technical	1,095,144
Capital outlay	1,254,828
Other	-
Total expenditures	2,451,399
Excess (deficiency) of revenues over expenditures	(2,402,899)
Operating transfers in	2,612,247
Operating transfers out	(37,589)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 171,759
Fund balance, July 1, 2005	13,921,273
Fund balance, January 7, 2006	\$ 14,093,032

Note 1: This fund is managed by a multi-year project budget, and therefore a budget to actual comparison has not been presented.

Schedule O

PROP C (Fund 3301) LOCAL RETURN/GRANTS AND DISCRETIONARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For Seven Periods Ended January 7, 2006, 52.3% Expired

	<u>Actual</u>	
Revenues:		
Use of money and property	\$ 54,126	
Intergovernmental	963,008	
Other	-	
Total revenues	1,017,135	
Expenditures:		
Current:		
Salaries & Benefits	-	
Materials & Supplies	-	
Professional Technical	617,658	
Capital outlay	-	
Other	-	
Total expenditures	617,658	
Excess (deficiency) of revenues over expenditures	399,477	
Operating transfers in	-	
Operating transfers out	704,791	(A)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (305,314)	
Fund balance, July 1, 2005	2,958,473	
Fund balance, January 7, 2006	\$ 2,653,159	

(A) Transfers out account is composed of Transfers of Funds to Transit for seven periods -\$ 621,833 and to Rideshare program -\$83,408.

Torrance Public Financing Authority Restricted Capital Project Fund

Statement of Revenues, Expenditures
and Changes in Fund Balances

For Seven Periods Ended January 7, 2006 52.3% Expired

	Actual
Revenues:	
Use of money and property	\$ 135,041
Total revenues	135,041
Expenditures:	
Current:	
Salaries & Benefits	1,783
Materials & Supplies	—
Professional Technical	862,777
Capital outlay	—
Total expenditures	864,560
Excess (deficiency) of revenues over expenditures	(729,519)
Other financing sources (uses):	
Operating transfers in	44,888
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(684,631)
Fund balance, July 1, 2005	12,639,940
Fund balance, January 7, 2006	\$ 11,955,309

Note: This fund is managed by a multi-year project budget, and therefore a budget to actual comparison has not been presented.

Schedule Q

Meadow Park Redevelopment Capital Project Fund
Statement of Revenues, Expenditures - Budget to Actual
For Seven Periods ended January 7, 2006 - 52.3% Expired

	Budget	Actual	% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:						
Use of money and property	\$ —	\$ 28	N/A	\$ 28	\$ 6	N/A
Other	13,163	7,699 (A)	58.5%	13,800	6,582	51.4%
Total revenues	13,163	7,727	58.7%	13,828	6,588	51.4%
Expenditures:						
Salaries & employee benefits	14,475	7,570	52.3%	14,475	5,860	52.8%
Materials suppl & maintenance	—	—	N/A	—	—	N/A
Prof services/contracts & utilities	—	—	N/A	—	—	N/A
Travel, training & membership dues	—	—	N/A	—	—	N/A
Interdepartmental charges	—	—	N/A	—	—	N/A
Total expenditures	14,475	7,570	52.3%	14,475	5,860	52.8%
Excess (deficiency) of revenues over expenditures	(1,312)	157	112.0%	(647)	728	42.5%
Other financing sources (uses):						
Operating transfers in	—	—	N/A	—	—	N/A
Operating transfers out/transfer to City	—	—	N/A	—	—	N/A
Advances from County and developer	—	—	N/A	—	—	N/A
Total other financing sources, net	—	—	N/A	—	—	N/A
From Fund Balance	1,312	—	0.0%	647	—	N/A
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ —	\$ 157	N/A	\$ —	\$ 728	42.5%

(A) Interest rate increased during the year.

Schedule Q-1

Skypark Redevelopment Capital Project Fund
Statement of Revenues, Expenditures - Budget to Actual
For Seven Periods ended January 7, 2006 - 52.3% Expired

	Budget	Actual	% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:						
Use of money and property	\$ —	\$ 277	N/A	\$ 537	\$ 996	N/A
Total revenues	—	277	N/A	537	996	N/A
Expenditures:						
Salaries & employee benefits	—	—	N/A	—	—	N/A
Materials suppl & maintenance	—	—	N/A	—	—	N/A
Prof services/contracts & utilities	—	—	N/A	—	—	N/A
Travel, training & membership dues	—	—	N/A	—	—	N/A
Interdepartmental charges	—	—	N/A	—	—	N/A
Total expenditures	—	—	N/A	—	—	N/A
Excess (deficiency) of revenues over expenditures	—	277	N/A	537	996	N/A
Other financing sources (uses):						
Operating transfers in	—	—	N/A	—	—	N/A
Operating transfers out	—	—	N/A	—	—	N/A
Advances from County and developer	—	—	N/A	—	—	N/A
Total other financing sources, net	—	—	N/A	—	—	N/A
From Fund Balance	—	—	N/A	—	—	N/A
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ —	\$ 277	N/A	\$ 537	\$ 996	N/A

Schedule Q-2

Downtown Redevelopment Capital Project Fund
Statement of Revenues, Expenditures - Budget to Actual
For Seven PeriodS ended January 7, 2006 - 52.3% Expired

	(A) Budget	Actual	% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:						
Use of money and property	\$ 34,619	\$ 21,018 (D)	60.7%	\$ 36,235	\$ 23,694	99.9%
Total revenues	34,619	21,018	60.7%	36,235	23,694	99.9%
Expenditures:						
Salaries & employee benefits	255,339	101,665 (C)	39.8%	218,102	103,335	42.5%
Materials suppl & maintenance	14,300	— (B)	0.0%	14,300	—	0.0%
Prof services/contracts & utilities	701,194	26,283 (B)	3.7%	606,091	35,190	5.8%
Travel, training & membership dues	27,596	5,860 (B)	21.2%	27,596	1,440	6.0%
Interdepartmental charges	54,328	21,969 (C)	40.4%	42,000	23,966	45.2%
Total expenditures	1,052,757	155,777	14.8%	908,089	163,931	17.5%
Excess (deficiency) of revenues over expenditures	(1,018,138)	(134,759)	13.2%	(871,854)	(140,237)	15.3%
Other financing sources (uses):						
Advances from the City	816,086	439,425	53.8%	816,086	323,512	53.8%
Operating transfers out/transfer to City	(2,100)	(1,127)	53.7%	(2,100)	(861)	53.8%
Total other financing sources, net	813,986	438,298	53.8%	813,986	322,651	53.8%
From Fund Balance	204,152	—	N/A	57,868	—	N/A
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ —	\$ 303,539	N/A	\$ —	\$ 182,414	N/A

- (A) Annual budget includes prior year encumbrances of \$45,952.
 (B) Expenses are expected to be incurred in future periods.
 (C) Actual charges are lower due to vacancy (Principal Planner).
 (D) Interest rate increased during the year.

Industrial Redevelopment Capital Project Fund
Statement of Revenues, Expenditures - Budget to Actual
For Seven Periods ended January 7, 2006 - 52.3% Expired

	(A) Budget	Actual	% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:						
Use of money and property	\$ 20,000	\$ 8,143 (C)	40.7%	\$ 11,950	\$ 13,047	29.0%
Total revenues	20,000	8,143	40.7%	11,950	13,047	29.0%
Expenditures:						
Salaries & employee benefits	232,311	115,443 (D)	49.7%	227,580	112,514	48.4%
Materials suppl & maintenance	12,455	135 (B)	1.1%	12,455	266	2.1%
Prof services/contracts & utilities	89,034	3,262 (B)	3.7%	89,034	13,999	16.6%
Travel, training & membership dues	38,785	3,331 (B)	8.6%	38,785	3,152	8.0%
Interdepartmental charges	68,778	28,741 (D)	41.8%	50,881	35,444	48.6%
Total expenditures	441,363	150,912	34.2%	418,735	165,375	37.4%
Excess (deficiency) of revenues over expenditures	(421,363)	(142,769)	33.9%	(406,785)	(152,328)	38.4%
Other financing sources (uses):						
Operating transfers out/transfer to City	(18,600)	(10,010)	53.8%	(18,600)	(10,010)	53.8%
Capital acquisition	—	—	N/A	—	—	N/A
Total other financing sources, net	(18,600)	(10,010)	53.8%	(18,600)	(10,010)	53.8%
From Fund Balance	439,963	152,779	34.7%	425,385	162,338	39.1%
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ —	\$ —	N/A	\$ —	\$ —	N/A

- (A) Annual budget includes prior year encumbrances of \$39,905.
(B) Expenses are expected to be incurred in future periods.
(C) Investment earnings are low due to a decrease in cash balance during the period.
(D) Actual charges are lower due to vacancy (Principal Planner).

Schedule Q-4

Low Moderate Income Housing Redevelopment Capital Project Fund

Statement of Revenues, Expenditures - Budget to Actual

For Seven Periods ended January 7, 2006 - 52.3% Expired

	(A) Budget	Actual	% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:						
Use of money and property	\$ 130,000	\$ 85,304	(D) 65.6%	\$ 130,000	\$ 64,466	49.6%
Other	—	—	N/A	—	—	N/A
Total revenues	130,000	85,304	65.6%	130,000	64,466	49.6%
Expenditures:						
Salaries & employee benefits	397,407	190,923	(E) 48.0%	325,121	215,188	54.1%
Materials suppl & maintenance	136,898	62,074	(B) 45.3%	136,898	57,045	42.9%
Prof services/contracts & utilities	281,030	14,526	(B) 5.2%	281,030	8,631	3.8%
Travel, training & membership dues	1,100	—	(B) 0.0%	1,100	—	0.0%
Interdepartmental charges	3,000	1,615	53.8%	3,000	1,292	53.8%
Total expenditures	819,435	269,138	32.8%	747,149	282,156	37.1%
Excess (deficiency) of revenues over expenditures	(689,435)	(183,834)	26.7%	(617,149)	(217,690)	34.5%
Other financing sources (uses):						
Operating transfers in	1,167,420	456,023	(C) 39.1%	1,239,675	459,287	42.1%
Operating transfers out	(18,800)	(10,122)	53.8%	(18,800)	(10,122)	53.8%
Total other financing sources, net	1,148,620	445,901	38.8%	1,220,875	449,165	41.9%
From Fund Balance	—	—	N/A	—	—	N/A
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 459,185	\$ 262,067	N/A	\$ 603,726	\$ 231,475	N/A

(A) Annual budget includes prior year encumbrances of \$110,976.

(B) Materials supplies, professional services and travel expenses are expected to increase in future periods.

(C) This transfer represents the 20% Low Mod Housing set-aside from the Debt Service funds which is calculated based on the actual tax increments received.

(D) Interest rate increased during the year.

(E) Actual charges are lower due to vacancy (Principal Planner).

Note: The Low Mod Housing Fund has a cash balance of \$5,170,276 as of 1/07/06 that is available for projects.

Torrance Public Financing Authority Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For Seven Periods ended January 7, 2006 52.3% Expired

Schedule R

	1998 Certificates of Participation 10.3m Refunding	2004 A&B Certificates of Participation 43.13m Refunding	Total
Revenues:			
Use of money and property:			
Investment Earnings	\$ 15,688	\$ 45,093	\$ 60,781
Rental Income	343,927	972,410	1,316,337
Total revenues	359,615	1,017,503	1,377,118
Expenditures:			
Administration	—	—	—
Bond and other loan principal	180,000	—	180,000
Bond and other loan interest	179,767	989,611	1,169,378
Other	—	—	—
Total expenditures	359,767	989,611	1,349,378
Excess (deficiency) of revenues over expenditures	(152)	27,892	27,740
Other financing sources (uses):			
Operating transfers out	—	(44,888)	(44,888)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(152)	(16,996)	(17,148)
Fund balances, July 1, 2005	553,237	2,794,255	3,347,492
Fund balances, January 7, 2006	\$ 553,085	(A) \$ 2,777,259	(A) \$ 3,330,344

(A) Represents required bond reserves held with the fiscal agent.

Schedule S

Skypark Redevelopment Debt Service Fund Statement of Revenues & Expenditures - Budget to Actual For Seven PeriodS ended January 7, 2006 - 52.3% Expired

	Budget	Actual		% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:							
Property taxes	\$ 549,000	\$ 226,373	(A)	41.2%	\$ 632,512	\$ 265,412	53.4%
Use of money and property	3,000	4,718	(D)	157.3%	7,000	2,980	N/A
Total revenues	552,000	231,091		41.9%	639,512	268,392	54.0%
Expenditures:							
Administration	8,000	8,432	(B)	105.4%	8,000	8,000	100.0%
Bond and other loan principal	229,994	229,994	(C)	100.0%	229,994	212,642	100.0%
Bond and other loan interest	176,091	176,091	(C)	100.0%	176,091	193,441	100.0%
Total expenditures	414,085	414,517		100.1%	414,085	414,083	100.0%
Excess (deficiency) of revenues over expenditures	137,915	(183,426)		-233.0%	225,427	(145,691)	-175.7%
Other financing sources (uses):							
Operating transfers out - Low-Mod Housing Fund	(109,800)	(45,275)	(A)	41.2%	(126,502)	(53,082)	53.4%
Advances from county deferred share	—	—		N/A	—	—	N/A
Total other financing sources (uses)	(109,800)	(45,275)		41.2%	(126,502)	(53,082)	53.4%
From Fund Balance	—	228,701		N/A	—	198,773	1205.9%
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 28,115	\$ —		N/A	\$ 98,925	\$ —	N/A

- (A) The amount of the operating transfers to Low-Mod Housing is directly proportional to the amount of incremental property tax received.
- (B) Admin cost increase was not anticipated in the budget.
- (C) Bond principal and interest are paid semi-annually on July 1 and January 1.
- (D) Cash balance is higher than amount anticipated in the budget. Interest rate increased during the year.

Schedule S-1

Downtown Redevelopment Debt Service Fund Statement of Revenues & Expenditures - Budget to Actual For Seven PeriodS ended January 7, 2006 - 52.3% Expired

	Budget	Actual	% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:						
Property taxes	\$ 1,601,100	\$ 690,762	(A) 43.1%	\$ 1,709,759	\$ 699,879	47.9%
Use of money and property	60,000	17,497	(E) 29.2%	60,000	28,397	40.6%
Total revenues	1,661,100	708,259	42.6%	1,769,759	728,276	47.6%
Expenditures:						
Administration	33,600	25,882	(B) 77.0%	33,600	27,735	82.2%
Bond and other loan principal	165,000	165,000	(C) 100.0%	165,000	160,000	100.0%
Bond and other loan interest	1,812,835	649,104	(C) 35.8%	1,812,835	536,871	34.9%
Other	909,425	394,128	(A) 43.3%	972,343	399,356	48.1%
Total expenditures	2,920,860	1,234,113	42.3%	2,983,778	1,123,962	43.9%
Excess (deficiency) of revenues over expenditures	(1,259,760)	(525,854)	41.7%	(1,214,019)	(395,686)	38.5%
Other financing sources (uses):						
Operating transfers out - Low Mod Housing	(320,220)	(138,152)	(A) 43.1%	(341,952)	(139,976)	47.9%
Advances from county deferred share	1,490,694	—	(D) 0.0%	1,490,694	—	N/A
Total other financing sources (uses)	1,170,474	(138,152)	-111.8%	1,148,742	(139,976)	N/A
From Fund Balance	89,286	664,006	743.7%	65,277	535,662	N/A
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ —	\$ —	N/A	\$ —	\$ —	N/A

- (A) The amount of the county pass-thru (shown as "other" above) and the amount of the operating transfers to Low-Mod Housing are directly proportional to the amount of incremental property tax received.
- (B) Admin costs were paid in late December.
- (C) Bond principal is paid annually on Sept 1; Interest is paid on Sept 1 and March 1.
- (D) County pass-through is received towards the end of the fiscal year.
- (E) Actual cash balance is low as of Period 7 and should increase as tax increments are received from the County.

Schedule S-2

Industrial Redevelopment Debt Service Fund
Statement of Revenues & Expenditures - Budget to Actual
For Seven Periods ended January 7, 2006 - 52.3% Expired

	Budget	Actual		% of Budget	Projected Actual 6/30/2006	2005 Year-to-date Actual W/O Enc.	2005 Budget % W/O Enc.
Revenues:							
Sales tax	\$ 2,700,000	\$ 1,180,649	(D)	43.7%	\$ 2,473,252	\$ 1,293,320	47.9%
Property taxes	3,687,000	1,362,981	(A)	37.0%	3,856,103	1,331,143	38.1%
Use of money and property	150,000	32,414	(E)	21.6%	150,000	60,339	40.2%
Total revenues	6,537,000	2,576,044		39.4%	6,479,355	2,684,802	42.3%
Expenditures:							
Administration	76,000	58,756	(C)	77.3%	76,000	65,512	78.0%
Bond and other loan principal	725,000	725,000	(B)	100.0%	725,000	665,000	100.0%
Bond and other loan interest	1,544,007	780,977	(B)	50.6%	1,544,007	797,287	50.5%
Other	958,000	336,916	(A)	35.2%	968,805	317,245	34.9%
Total expenditures	3,303,007	1,901,649		57.6%	3,313,812	1,845,044	57.0%
Excess (deficiency) of revenues over expenditures	3,233,993	674,395		20.9%	3,165,543	839,758	27.0%
Other financing sources (uses):							
Operating transfers out - General Fund	(2,150,000)	(1,157,695)		53.8%	(2,150,000)	(1,157,695)	53.8%
Operating transfers out - Low Mod Housing	(737,400)	(272,596)	(A)	37.0%	(771,221)	(266,229)	38.1%
Total other financing sources (uses)	(2,887,400)	(1,430,291)		49.5%	(2,921,221)	(1,423,924)	50.0%
From Fund Balance	—	755,896		N/A	—	584,166	N/A
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 346,593	\$ —		N/A	\$ 244,322	\$ —	N/A

- (A) The amount of the county pass-thru (shown as "other" above) and the amount of the operating transfers to Low-Mod Housing are directly proportional to the amount of incremental property tax received.
- (B) Bond principal is paid Sept 1. Interests are paid every September 1 and March 1.
- (C) Bond admin cost was paid in December.
- (D) Sales tax revenues decreased during the period.
- (E) Interest income will increase in future periods as property tax increments are received.

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Selected Special Revenue Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For Seven Periods Ended, January 7, 2006 - 52.3% Expired

	*Parks and Recreation Facilities Fund	Rental Assistance Program Fund	*Seismic Education Fund	Workforce Investment Network Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	8,227	13,624	782	-
Intergovernmental	36,850	2,982,803	-	1,835,271
Other	-	-	-	1,014
Total revenues	45,077	2,996,427	782	1,836,285
Expenditures:				
Current:				
Salaries & Benefits	17,753	291,479	-	1,458,828
Materials and Services	-	2,139,664	-	214,933
Professional Technical	315,578	20,527	-	139,839
City Charges	-	58,039	-	-
Other	-	953	-	6,102
Capital outlay	-	-	-	-
Total expenditures	333,331	2,510,662	-	1,819,702
Excess (deficiency) of revenues over expenditures	(288,254)	485,765	782	16,583
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	(754)	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(288,254)	485,011	782	16,583
Fund balances (deficits), July 1, 2005	1,295,712	248,242	17,619	-
Fund Balances (deficits), January 7, 2006	\$ 1,007,458	\$ 733,253	\$ 18,401	\$ 16,583

* This fund does not have an annually adopted budget, but is budgeted over two or more years using a project budget. Therefore, this fund does not appear in the preceding "Expenditure Summary - Budget to Actual - All Funds with Annually Adopted Budgets" Schedules.

** Deficit fund balance in the Drainage Fund is the result of revenues being lower than the attorney fees expended for the National Pollutant Elimination System as of 6/30/03. However, the expense was actually paid out of a loan from the General Fund approved by Council on 12/17/02 Item 7K.

Schedule T

Street Lighting Assessment Fund	**Drainage Improvement Fund	*Parks Rehabilitation and Open Space Fund	*Proposition C Fund	*Bicycle Transportation Fund
\$ 547,627	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	34,301	54,126	8
-	-	134,700	963,008	-
-	1,089	-	-	-
547,627	1,089	169,001	1,017,134	8
269,382	-	-	-	-
235,313	-	-	-	-
556,957	-	332,251	617,657	-
-	-	-	-	-
-	323	-	-	-
-	-	-	-	-
1,061,652	323	332,251	617,657	-
(514,025)	766	(163,250)	399,477	8
673,469	-	-	-	-
-	-	-	(704,791)	-
159,444	766	(163,250)	(305,314)	8
773,413	(6,116)	1,997,209	2,988,171	-
\$ 932,857	\$ (5,350)	\$ 1,833,959	\$ 2,682,857	\$ 8

(Continued)

Selected Special Revenue Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For Seven Periods Ended, January 7, 2006 - 52.3% Expired

	**State Gas Tax Street Improvement Fund	Meadowpark Parking Lot District Fund	*Police Inmate Welfare Fund	*Grants and Donations Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	84,424	23,109	1,208	9,816
Intergovernmental	1,350,364	-	-	459,361
Other	-	-	6,769	-
Total revenues	1,434,788	23,109	7,977	469,177
Expenditures:				
Current:				
Salaries & Benefits	104,972	-	-	124,755
Materials and Services	-	-	188	-
Professional Technical	389,294	8,256	-	852,790
City Charges	-	-	-	-
Other	-	-	-	3,001
Capital outlay	-	-	-	94,794
Total expenditures	494,266	8,256	188	1,075,340
Excess (deficiency) of revenues over expenditures	940,522	14,853	7,789	(606,163)
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(1,367,692)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(427,170)	14,853	7,789	(606,163)
Fund balances (deficits), July 1, 2005	5,844,879	16,917	65,203	231,331
Fund Balances (deficits), January 7, 2006	\$ 5,417,709	\$ 31,770	\$ 72,992	\$ (374,832)

* This fund does not have an annually adopted budget, but is budgeted over two or more years using a project budget. Therefore, this fund does not appear in the preceding "Expenditure Summary - Budget to Actual - All Funds with Annually Adopted Budgets" Schedules.

** While this fund is budgeted with a project budget, a portion of the budget is included in the Adopted Budget. This portion, which pertains to operating transfers out to the General Fund, is shown on the preceding "Expenditure Summary - Budget to Actual - All Funds with Annually Adopted Budgets" Schedules.

Schedule T-Continued

Federal Housing and Community Development Fund	*Asset Forfeiture Fund	*Geologic Hazard Abatement Fund	*El Camino Training Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 547,627
-	138,115	-	-	138,115
-	54,698	-	-	284,323
-	-	-	-	7,762,357
-	-	-	24,003	32,875
-	192,813	-	24,003	8,765,297
-	-	-	-	2,267,169
-	25,898	-	-	2,615,996
-	141,634	-	-	3,374,783
-	-	-	-	58,039
-	3,015	-	4,000	17,394
-	-	-	-	94,794
-	170,547	-	4,000	8,428,175
-	22,266	-	20,003	337,122
19,866	-	-	-	693,335
-	-	-	-	(2,073,237)
19,866	22,266	-	20,003	(1,042,780)
556,156	3,119,700	14,317	314,264	17,477,017
\$ 576,022	\$ 3,141,966	\$ 14,317	\$ 334,267	\$ 16,434,237

GOVERNMENT CABLE COMMUNICATIONS/PUBLIC ACCESS**BALANCE SHEET**

January 7, 2006

	<u>Cable Communications</u> <u>January 7, 2006</u>	<u>Public Access</u> <u>January 7, 2006</u>	<u>Total</u>
ASSETS			
Pooled cash and investments	\$ 920,163	\$ 4,121	\$ 924,284
Accrued interest receivable	10,138	-	10,138
Total Assets	\$ 930,301	\$ 4,121	\$ 934,422
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts payable	\$ 4,380	\$ 100	\$ 4,480
Accrued salaries and benefits	84,982	-	84,982
Total Liabilities	89,362	100	89,462
Fund Balance			
Unreserved	840,939	4,021	844,960
Total Liabilities and Fund Balance	\$ 930,301	\$ 4,121	\$ 934,422

GOVERNMENT CABLE COMMUNICATIONS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2006	2005 Year-To-Date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Franchise Fees	\$ 1,250,000	\$ 339,073 (B)	27.1%	\$ 1,360,000 (B)	\$ 316,283	29.7%
Miscellaneous	30,000	14,230	47.4%	30,000	9,528	31.8%
Total Operating Revenues	1,280,000	353,303	27.6%	1,390,000	325,811	29.8%
OPERATING EXPENSES:						
Salaries and employee benefits	807,185	380,326 (C)	47.1%	770,000	320,323	44.3%
Materials and supplies	43,065	32,209 (D)	74.8%	60,000	15,686	52.4%
Other professional services	61,872	38,125 (E)	61.6%	75,000	21,039	37.4%
Interdepartmental charges	50,482	27,275	54.0%	50,482	26,843	53.8%
Capital Outlay	35,000	10,876 (F)	31.1%	35,000	7,361	21.2%
Litigation and claims	8,594	2,350 (G)	27.3%	8,594	2,350	53.8%
Other	8,500	7,807 (H)	91.8%	8,500	4,733	55.7%
Total Operating Expenses	1,014,698	498,968	49.2%	1,007,576	398,335	43.9%
OPERATING INCOME (LOSS)	265,302	(145,665)	-154.9%	382,424	(72,524)	-138.6%
NON-OPERATING REVENUES						
Interest income - Operations	35,000	25,350 (I)	72.4%	45,000	21,706	62.0%
Total Non-Operating Revenues	35,000	25,350	72.4%	45,000	21,706	62.0%
Income (Loss) before transfers	300,302	(120,315)	-140.1%	427,424	(50,818)	-132.5%
OPERATING TRANSFERS IN	2,705	2,705	100.0%	2,705	-	0.0%
OPERATING TRANSFERS OUT	(141,980)	(76,500)	53.9%	(141,980)	(337,426)	126.7%
NET INCOME (LOSS)	\$ 161,027	\$ (194,110)	-220.5%	\$ 288,149	\$ (388,244)	-150.1%

(A) Annual Budget includes prior year encumbrances budget of \$250.

(B) Cable franchise fees received as of period 7 are for the quarter ended 9/30/05. \$351,218 was received on 1/13/06 for the quarter ended 12/31/05.

FY 05-06 franchise fees are projected at an average of \$340,000 per quarter.

Revenues for the 3rd quarter are expected to be received in April 2006 and for the 4th quarter in July 2006.

(C) Salaries and Benefits Reimbursements budget has not changed since FY 98-99. Actual reimbursements are over budget by \$30,600.

(D) Special materials budget expenditures were higher than budget due to the purchase of promotional and marketing supplies in the amount of \$7,500 used at the Open House held in October. Materials actuals are projected to be \$16,935 over budget at fiscal year-end.

(E) Payments for professional and technical services amount to \$16,000 and payments for utilities amount to \$18,000. Total FY 05-06 Professional Services expenditures are projected to be over budget by \$13,000.

(F) Cable plans to use the Capital Outlay budget before fiscal year-end.

(G) There were no liability claims as of period 7. The amount shown reflects claims administration charges through period 7.

(H) Other expenses include a payment of \$2,900 to a corporation for system training and travel expenses.

(I) As of period 7 FY 05-06, total interest earnings are higher due to higher interest rates and a higher cash balance.

GOVERNMENT CABLE COMMUNICATIONS**STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006****Cash flows from operating activities**

Operating loss	(\$145,665)	
Adjustments to reconcile operating loss to net cash provided by operating activities		
Decrease in accounts receivable	308,301	
(Decrease) in accounts payable	(385)	
Decrease in prepayments	153	
	<u> </u>	
Net cash provided by operating activities		\$162,404

Cash flows from capital and related financing activities

Capital expenditures	<u>(275,000)</u>	
Net cash used by capital and related financing activities		(275,000)

Cash flows from investing activities

Interest on investments	<u>25,350</u>	
Net cash provided by investing activities		<u>25,350</u>

Cash flows from non-capital financing activities

Transfers-in	2,705	
Transfers-out	<u>(76,500)</u>	
Net cash used by non-capital financing activities		<u>(73,795)</u>
Net change in cash		(161,041)

Cash, and cash equivalents, July 1, 2005	<u>1,081,204</u>
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Cash and cash equivalents; January 7, 2006	<u><u>\$920,163</u></u>
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CABLE TV - PUBLIC ACCESS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2006	2005 Year-To-Date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES						
Cable TV access fees	\$ 173,000	\$ 86,500 (B)	50.0%	\$ 173,000	\$ 86,500	50.0%
TCTV workshops	412	615	149.3%	615	135	6.8%
Miscellaneous	2,500	125	5.0%	2,500	1,282	64.1%
Total Operating Revenues	175,912	87,240	49.6%	176,115	87,917	49.7%
OPERATING EXPENSES:						
Salaries and employee benefits	206,248	107,932	52.3%	206,248	100,541	62.1%
Services and supplies	20,066	3,894 (C)	19.4%	20,066	3,321	16.5%
Other professional services	15,200	10,776 (D)	70.9%	25,200	6,901	43.3%
Interdepartmental charges	25,319	13,679	54.0%	25,319	13,163	53.8%
Capital Outlay	25,000	5,871 (E)	23.5%	15,000	14,619	49.2%
Litigation and claims	4,427	2,741 (F)	61.9%	4,427	1,211	53.8%
Other	3,100	1,623	52.4%	3,100	1,083	34.9%
Total Operating Expenses	299,360	146,516	48.9%	299,360	140,839	56.3%
OPERATING INCOME (LOSS)	(123,448)	(59,276)	48.0%	(123,245)	(52,922)	61.1%
Income (Loss) before transfers	(123,448)	(59,276)	48.0%	(123,245)	(52,922)	70.2%
OPERATING TRANSFERS IN	127,978	68,765	53.7%	127,978	75,035	N/A
OPERATING TRANSFERS OUT	(4,733)	(2,564)	54.2%	(4,733)	(2,315)	35.7%
NET INCOME (LOSS)	\$ (203)	\$ 6,925	3511.3%	\$ -	\$ 19,798	-124.2%

(A) Annual Budget includes prior year encumbrances budget of \$900.

(B) Cable TV access fees are received semi-annually. \$86,500 was received on 12/1/05 for the period ended 12/31/05.

(C) Services and Supplies budget is expected to be expended by fiscal year-end.

(D) Professional Services expenditures for light and power will be over budget by approximately \$6,000 to \$8,500. Overall, Professional Services budget will need to be increased by approximately \$10,000.

(E) Capital Outlay budget is expected to be expended by fiscal year-end.

(F) One property damage claim was paid in the amount of \$1,530. The remaining amount expended was for claims administration charges as of period 7.

CABLE TV - PUBLIC ACCESS
STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006

Cash flows from operating activities

Operating loss	(\$59,276)	
Adjustments to reconcile operating loss to net cash used by operating activities:		
Decrease in prepayments	350	
(Decrease) in accounts payable	<u>(3,154)</u>	
<i>Net cash used by operating activities</i>		(\$62,080)

Cash flows from non-capital financing activities

Transfers in	68,765	
Transfers out	<u>(2,564)</u>	
<i>Net cash provided by non-capital financing activities</i>		<u>66,201</u>
<i>Net change in cash</i>		4,121

Cash, and cash equivalents, July 1, 2005	<u>-</u>
Cash and cash equivalents, January 7, 2006	\$ <u><u>4,121</u></u>

ANIMAL CONTROL FUND**BALANCE SHEET**

January 7, 2006

January 7, 2006**ASSETS**

Pooled Cash and Investments	\$	190,613
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Total Assets	\$	190,613
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LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts Payable	\$	-
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Total Liabilities		-
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Fund Equity

Retained Earnings - Unreserved		190,613
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Total Fund Equity		190,613
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Total Liabilities and Fund Equity	\$	190,613
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Schedule V-1

ANIMAL CONTROL FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN PERIODS ENDED, JANUARY 7, 2006 - 52.3% EXPIRED

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/06	FY 2005 Year-To-Date Actual Without Enc.	FY 2005 Budget % Without Enc.
OPERATING REVENUES						
Animal licenses/permits	\$ 345,400	\$ 74,117 (A)	21.5%	\$ 240,000	\$ 144,673	41.9%
Total Operating Revenues	345,400	74,117	21.5%	240,000	144,673	41.9%
OPERATING EXPENSES:						
Salaries and employee benefits	223,400	70,767 (B)	31.7%	190,000	52,535	48.4%
Services and supplies	133	107	80.5%	200	5,256	13.6%
Other professional services	118,505	12,416 (C)	10.5%	61,892	12,768	3.5%
Equipment	-	-	N/A	-	645	0.6%
Training, travel and membership dues	11,114	-	0.0%	8,000	499	8.3%
Others-interdepartmental charges	11,908	6,604	55.5%	11,908	6,461	53.8%
Total Operating Expenses	365,060	89,894	24.6%	272,000	78,164	12.3%
OPERATING INCOME (LOSS)	(19,660)	(15,777)	80.2%	(32,000)	66,509	123.1%
OPERATING TRANSFERS IN	32,000	17,231	53.8%	32,000	-	N/A
NET INCOME (LOSS)	\$ 12,340	\$ 1,454	11.8%	\$ -	\$ 66,509	143.2%

(A) The department has relied on voluntary renewal of pet licenses and is increasing its follow-up to improve the compliance rate.

(B) There has been a vacancy for an Animal Control Officer since the beginning of August 2005 and overtime charges are only 5.5% spent.

(C) Professional Services charges are low due to a pending contract with Los Angeles County Animal Care and Control.

Invoices totaling approximately \$21,800 will be paid when contract is approved by Council.

ANIMAL CONTROL FUND**STATEMENT OF CASH FLOWS
FOR SEVEN PERIODS ENDED, JANUARY 7, 2006****Cash flows from operating activities**

Operating loss	\$	(15,777)
Adjustments to reconcile operating loss to net cash used by operating activities		
Decrease in accounts receivable		42,743
(Decrease) in accounts payable		(37,103)

Net cash used by operating activities \$ (10,137)

Cash flows from noncapital financing activities

Operating transfers in	17,231	
Net cash provided by noncapital financing activities		<u>17,231</u>

Net change in cash 7,094

Cash, restricted cash and cash equivalents, July 1, 2005 183,519

Cash, restricted cash and cash equivalents, January 7, 2006 \$ 190,613

Schedule W

AIR QUALITY MANAGEMENT DISTRICT FUND

**BALANCE SHEET
JANUARY 7, 2006**

	<u>January 7, 2006</u>	
ASSETS		
Pooled Cash and Investments	\$	105,331
Total Assets	\$	105,331
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$	-
Total Liabilities		-
Fund Equity		
Retained Earnings - Reserved		19,259 (A)
Retained Earnings - Unreserved		86,072
Total Fund Equity		105,331
Total Liabilities and Fund Equity	\$	105,331

(A) Represents amount used to balance FY05-06 budget

Schedule W-1

AIR QUALITY MANAGEMENT DISTRICT FUND
Statement of Revenues & Expenditures-Budget to Actual
For Seven Periods Ended January 7, 2006 - 52.3% Expired

	Budget	Actual	% of Budget	Projected Actual at 06/30/06	2005 Year-to-date Actual Without Enc.	2005 Budget % Without Enc.
Revenues:						
Use of money and property	\$ 2,000	\$ 1,623 (A)	81.1%	\$ 2,675	\$ 1,725	86.3%
Intergovernmental	162,000	44,089 (B)	27.2%	167,000	89,693	56.1%
Total revenues	164,000	45,712	27.9%	169,675	91,418	56.4%
Expenditures:						
Current:						
Salaries & Benefits	36,039	19,964 (C)	55.4%	39,681	18,378	57.4%
Materials & Supplies	79,310	25,262 (D)	31.9%	75,668	77,097	57.9%
Professional Technical	67,720	32,760	48.4%	67,720	33,572	49.7%
Total expenditures	183,069	77,986	42.6%	183,069	129,047	55.5%
Excess (deficiency) of revenues over expenditures	(19,069)	(32,274)	169.2%	(13,394)	(37,629)	53.3%
Operating Transfers Out	(190)	(190)	100.0%	(190)	-	N/A
From Fund Balance	19,259	32,464	168.6%	13,584	37,629	53.3%
Excess (deficiency) of revenues over expenditures	\$ -	-	N/A	\$ -	\$ -	N/A

(A) Interest earnings are higher during the period due to higher interest rates.

(B) Revenue for the 2nd quarter for approximately \$42,000 is expected to be received in March, 2006.

(C) The salary and benefit budget was adjusted for FY05-06 but not enough to cover the actual salary increase.

(D) Invoice for the month of December for the incentive awards has not been received as of period 7.

VAN POOL/RIDESHARE FUND
BALANCE SHEET
January 7, 2006

ASSETS

Pooled Cash and Investments	\$ 228,763
Receivables -Miscellaneous	3,678
Total Assets	\$ 232,441

LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts Payable	125
Total Liabilities	\$ 125

Fund Equity

Retained Earnings - Unreserved	232,316
Total Fund Equity	

Total Liabilities and Fund Equity	\$ 232,441
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Schedule X-1

VANPOOL/RIDESHARE FUND
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
For Seven Periods Ended January 7, 2006, 52.3% Expired

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.		Projected Actual at 06/30/06	2005 Year-to-date Actual Without Enc.	2005 Budget % Without Enc.
OPERATING REVENUES							
Passenger Cash Fares	\$ 40,000	\$ 24,894	62.2% (A)	\$	42,000	\$ 16,348	51.9%
Total Operating Revenues	40,000	24,894	62.2%		42,000	16,348	51.9%
		20,994					
OPERATING EXPENSES							
Salaries and employee benefits	56,160	28,920	51.5%		56,800	27,024	48.6%
Services and supplies	156,245	78,136	50.0%		154,000	34,888	27.9%
Other professional services	3,600	1,020	28.3%		3,600	450	12.5%
Other	450	58	12.9%		450	43	9.6%
					-		
Total Operating Expenses	216,455	108,134	50.0%		214,850	62,405	33.8%
OPERATING INCOME (LOSS)	(176,455)	(83,240)	47.2%		(172,850)	(46,057)	30.1%
OPERATING TRANSFERS IN	154,900	83,408	53.8% (B)		154,900	341,343	100.0%
NET INCOME (LOSS)	\$ (21,555)	\$ 168	100.8%		\$ (17,950)	\$ 295,286	1645.0%

(A) Cash Fare Revenue includes accrued revenue of \$ 3,678 to be reversed at year end.

(B) Total Transfers-In account represents 2006 transfer from Prop C fund as of Period 7.

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CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: February 8, 2006

TO: ERIC E. TSAO, FINANCE DIRECTOR
FROM: LINDA A. SANTOS, LAW OFFICE ADMINISTRATOR
CC: JOHN FELLOWS, CITY ATTORNEY
SUBJECT: EXPLANATION OF MID-YEAR 05/06 VARIANCES
PERIOD 7 REPORTS AS OF JANUARY 7, 2006

Civil Litigation

Char 45 Prof Services/Contracts 43.2%-\$14,847

The department has not spent the funds allocated for legal services but anticipates it will be necessary to spend these funds by the end of the fiscal year.

General Support

Char 45 Prof Services/Contracts 36.2%-15,962

The department has not spent the funds allocated for legal services but anticipates it will be necessary to spend these funds by the end of the fiscal year.

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City of Torrance
Inter-office Communication

Date: February 27, 2006

To: Eric E. Tsao, Finance Director

From: Sue Herbers, City Clerk

Re: **Explanation of Variance - Total Budget vs. Actual**

		Fiscal Year 2005-2006
		Mid Year Period 7

General Fund (1001)

<u>1205</u>	<u>Passport Fees</u>	(\$12,144)	12.48%
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There were approximately \$5,000 of passport revenues that were received after period 7; we have increased advertising our service to the public.

City Documents and Admin Records

<u>Char 35</u>	<u>Materials Supplies & Maintenance</u>	\$10,635	21.4%
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Budgeted funds are generally not expended until later in the fiscal year.

Special Services

<u>Char 30</u>	<u>Salary & Employee Benefits</u>	\$14,402	32.3%
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Working with staff to identify.

<u>Char 45</u>	<u>Professional Services/Contracts</u>	\$16,131	28.8%
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The budgeted amount is based on projected meetings of the various agencies. Not all meetings are held.

The Recording Secretaries are contract employees and, as such, submit invoices on their own schedules. As of this report we have not received all invoices for the meetings covered.

Citizen Participation

<u>Char 45</u>	<u>Professional Services/Contracts</u>	\$71,144	1.00%
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Election is held on June 6, 2006 and funds generally expended between January and July 1.

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CITY OF TORRANCE
INTEROFFICE COMMUNICATION
DATE: February 10, 2006

TO: Eric E. Tsao, Finance Director

FROM: Mary K. Giordano, Assistant City Manager

SUBJECT: Explanation of Revenue Variances – Total Budget vs. Actual
Mid-Year 2005-06

CITY MANAGER

Cable Communications

Character 4 - Use of Money and Property **(\$307,632) 28.36%**

The franchise fee for any quarter shall be due and payable on the twentieth (20th) day of the month next succeeding such quarter and shall be delinquent fifteen (15) days thereafter. Therefore, the second payment for this fiscal year is not due until January 20, 2006. As the ending date for this report was 1/7/06 the payment had not been received.

Non-Aeronautical Leased Land

Character 4 – Use of Money and Property **\$41,454 155.94%**

The interest earnings are higher than anticipated due to a higher cash balance. The budget will be adjusted in the next fiscal year.

**CITY OF TORRANCE
INTEROFFICE COMMUNICATION
DATE: February 10, 2006**

TO: Eric E. Tsao, Finance Director
FROM: Mary K. Giordano, Assistant City Manager
SUBJECT: Explanation of Expenditure Variances – Mid-Year 2005-06

CITY COUNCIL

MUNICIPAL LEGISLATIVE/POLICY

Character 50 Travel, Training & Membership **(\$12,804)** **68.9%**

Organizations such as SCAG, SBCOG, US Conference of Mayors and the League of California Cities require membership dues to be paid at the beginning of the fiscal year causing larger payouts from the account at the start of the year. This account will balance out by year's end.

COMMUNITY SERVICES COMMISSION

Character 45 Professional Services, Contracts & Utilities **\$20,972** **0.0%**

These monies are used to provide grants to various non-profit community organizations. Grant recipients were selected in December and the funds will be disbursed at the end of February 2006.

CITY MANAGER

POLICY PROGRAM & BUDGET ADMINISTRATION

Character 35 Materials Supplies and Maintenance **\$19,137** **16.9%**

Additional monies were added to this character to prepare for the opening of the new Special Events and Filming Office. The new program was approved by Council on January 10, 2006 and the additional monies were subsequently added to the budget.

Character 45 – Professional Services/Contracts & Utilities	\$53,371	8.9%
---	-----------------	-------------

The one stop permit program has hired a consultant to develop a process study. The consultant will begin the study this month at which time the funds will be expended.

LAND MANAGEMENT

Character 45 – Professional Services/Contracts & Utilities	\$10,829	20.3%
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This account is under the period reporting amount at this time as this budgeted category is used on an as needed basis. Appraisals, consultant analysis and other outside contracts are contracted and expended on an as needed basis therefore the actual use of funds in this category does not follow the pre-programmed expenditures found in other budget categories.

ECONOMIC DEVELOPMENT

Character 30 Salaries & Employee Benefits	(\$17,226)	79.2%
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Currently there are two positions being charged to this fund. Changes will be made to move one position to another funding source.

Character 45 - Professional Services/Contracts & Utilities	\$55,309	7.2%
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The purpose of this sub-object is to assist businesses as the need arises for business retention and attraction. Unused funds revert to the Economic Development Reserve.

VOLUNTEERS

The program was recently transferred to another division so labor charges had not been charged by the new division prior to end of period 7.

COMMUNITY RELATIONS

Character 35 – Materials Supplies & Maintenance	\$16,279	22.2%
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These funds are used for postage for the quarterly mailing of Torrance Seasons. The city has an open account with the post office for mailing the publication. Funds are placed in this account on an as needed basis. It is possible that a balance may remain at the post office which would result in no transfer of funds for a particular quarter. It is also conceivable for two payments to be taken from the purchase order during one quarter if needed. Since the quarterly amount for postage is approximately \$12,000, this area might fluctuate by that amount in any given quarter.

Character 45 – Professional Services & Contracts **\$29,117** **25%**

These charges are the quarterly charges for the design and graphics of the Torrance Seasons as well as the printing and mailing of same. We have recently changed the designer and are awaiting their past two invoices. In addition, we have contracted to include an all color events calendar in the publication. This addition has increased the cost of the Seasons which will be reflected in the budget balances.

CABLE COMMUNICATIONS

Character 32 – Salaries and Employee Benefit Reimbursement \$30,633 72.7%

Labor costs recovery was at higher rate than actual budget rate. As salaries are adjusted for increases, the reimbursement rate has not been changed to reflect any increases.

NON-AERONAUTICAL

Character 45 Professional Services/Contracts & Utilities \$17,975 35.8%

This account is under the period reporting amount at this time as this budgeted category is used on an as needed basis. Appraisals, consultant analysis and other outside contracts are contracted and expended on an as needed basis therefore the actual use of funds in this category does not follow the pre-programmed expenditures found in other budget categories.

FISCAL YEAR: 2005-2006

AS OF: 1/07/06

TO: Eric E. Tsao, Finance Director

FROM: Linda M. Barnett, City Treasurer

DATE: February 27, 2006

EXPLANATION OF VARIANCES – TOTAL BUDGET VS. ACTUAL

Cash Management:

1) Professional Services/Contracts & Utilities Character 45 (25% / \$27,608)

The Professional Services/Contracts & Utilities expenditures are under budget because of the following reasons:

- (1) The City received a one-time credit of \$2500 from Bank of America when they renewed the contract. In addition, The City is billed quarterly for services rendered and charges were billed in January for this quarter.
- (2) The City will begin to incur more credit card charges the second half of the fiscal year due to the payments received from Business License.
- (3) City of Inglewood is in the arrears on billing for services rendered.

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CITY OF TORRANCE

INTER-OFFICE COMMUNICATION

DATE: February 9, 2006

TO: Eric E. Tsao, Finance Director

FROM: Richard Shigaki, Information Technology Director

SUBJECT: Explanation of Variances
Total Budget vs. Actual for Second Quarter 2005-06

EXPENDITURES

PROGRAM: DIRECTION & CONTROL

- 1) Character 35 Materials Supplies & Maintenance (Pg 111) 45.0% \$41,946
Our Internet Access Costs (3774) are under spent due to the lag time in billing by our Internet Service Providers and Support Services companies. We will be in balance by fiscal year-end.
- 2) Character 75 Capital Acquisitions (Pg 113) 100.0% (\$11,255)
Both Furniture and Fixtures (7400) and Equipment (7402) were expended to remodel and furnish the second floor of CIT's West Annex office area. We will be in balance by fiscal year-end.

PROGRAM: RADIO

- 1) Character 32 Salaries & Benefit Reimb (Pg 116) 61.7% \$42,630
These reimbursements are booked as a flat rate each period; however, as of Period 7, eight periods were booked, overstating reimbursements by \$34,711.
- 2) Character 35 Materials Supplies & Maintenance (Pg 117) 31.3% \$14,739
The purchase of 30 trucks and sedans has been delayed per Fleet Services' replacement plan. Specialty communications equipment and materials (i.e., wiring, antennas, headsets, and microphones) are not ordered until the make and model of the vehicles are confirmed.

PROGRAM: RADIO (Continued)

3) Character 45 Prof Services/Contracts (Pg 117) 75.8% (\$12,127)

The Police and Fire portable radios require more frequent repair than in previous years. Although the out-sourced flat rate cost to repair each radio remains the same this year, total expenses are growing.

4) Character 82 Reimbursements From Other (Pg 118) 61.5% \$20,800

These reimbursements are booked as a flat rate each period; however, as of Period 7, eight periods were booked, overstating reimbursements by \$17,320.

PROGRAM: TELEPHONE SERVICES

1) Character 45 Professional Services/Contracts (Pg 122) 35.7% \$87,571

The variance is principally due to \$59,840 in encumbrances for telecommunication services and the out-of-synch posting of large monthly telecommunication invoices versus the 13 reporting periods. In addition, the elimination of some WiN-related telecommunication services and reduced telephone usage due to staff downsizing has reduced the program's expenses about 75% and accounts for an unexpected savings of about \$9,000.

PROGRAM: DATA COMMUNICATIONS

1) Character 45 Prof Services/Contracts & (Pg 127) 8.4% \$22,902

The annual Cisco maintenance agreement renewal for \$39,493 was approved by Council on January 10. Payment is pending the arrival of a proper invoice. A related budget transfer is also pending to cover the balance of the expense.

PROGRAM: INFORMATION TECH SERVICES

1) Character 30 Salaries & Employee Benefits (Pg 130) 45.5% \$175,498

An employee was on unpaid personal leave for three months and the support supervisor promotion was not filled until February 2006. Salaries will be under budget for this fiscal year.

PROGRAM: INFORMATION TECH TRAINING

1) Character 30 Salaries & Employee Benefits (Pg 133) 117.3% (\$18,655)

Staff time assigned to the training program has been reduced to 30% of an IT Specialist position. The trainer continued to charge the same hours as the previous year to this program. This will be corrected going forward and the program will be within variance by fiscal year-end.

PROGRAM: DATA COMM REPLACEMENT FUND

- | | | | |
|----|--|--------------|-----------------|
| 1) | <u>Character 75 Capital Acquisitions (Pg 245)</u> | <u>20.2%</u> | <u>\$20,318</u> |
| | An order was placed and received for network replacement equipment. The majority of the order (\$37,556) has not been paid pending the arrival of a proper invoice. A small portion of the equipment purchase (\$4,977) was submitted for payment on January 26. | | |

PROGRAM: RADIO COMM REPLACEMENT FUND

- | | | | |
|----|--|---------------|-------------------|
| 1) | <u>Character 85 Operating Transfer Out (Pg 246)</u> | <u>100.0%</u> | <u>(\$38,160)</u> |
| | The annual \$80,000 transfer to the replacement FEAP was completed in one transaction. | | |

PROGRAM: PC REPLACEMENT FUND

- | | | | |
|----|---|---------------|-------------------|
| 1) | <u>Character 45 Prof Services/Contracts & (Pg 247)</u> | <u>100.0%</u> | <u>(\$47,700)</u> |
| | Annual Microsoft software licensing costs are due the first month of each fiscal year. The budget will be in balance at the end of the fiscal year as no other expenses will be charged. | | |
| 2) | <u>Character 75 Capital Acquisitions (Pg 247)</u> | <u>29.8%</u> | <u>\$184,056</u> |
| | Computer replacements are behind schedule due to increased support work load and employee leaves. Replacements will be completed as time permits with remaining replacements carried forward to the next fiscal year. | | |

CITY OF TORRANCE INTER-OFFICE COMMUNICATION

DATE: February 9, 2006

TO: Eric E. Tsao, Finance Director

FROM: Richard Shigaki, Information Technology Director

SUBJECT: Communications & Information Technology (CIT) Operation Concerns

CIT's dilemma is the culmination of many factors over many years. CIT's staffing shortage evolved with the implementation of FEAPs and automation projects where additional CIT support and staffing were not appropriated.

Operational decisions to meet the immediate technology needs may have future negative consequences.

Over the past twelve years, there has been a substantial increase in the amount of communications equipment being purchased and installed on Public Safety and all City vehicles. Several years ago, the radio shop stopped performing preventative maintenance on mobile radios to keep up with the installation of more equipment on Public Safety vehicles, while struggling to maintain and upgrade existing equipment installed on all City vehicles. Today, we are seeing an increase in the number of radio and mobile equipment failures coming into the radio shop that might have been prevented, had maintenance been performed.

Due to staff shortages causing CIT to struggle to keep pace with the automation demands of the City for many years, outsourcing applications to meet the immediate operational needs of a department has become more common. While outsourcing is not a bad idea, over time it will result in CIT staff becoming less knowledgeable about an application and our ability to provide direct support becomes diminished.

In-depth knowledge and the ability to "back up" one another are diminishing.

The number of applications and the infrastructures (servers, communication network, databases, printers, software interfaces, etc.) required to support them continues to grow each year. As a result of this growth, staff is being assigned more and more maintenance and support responsibilities while being asked to participate on the front end of new technology initiatives. CIT staff is being stretched thinner to support and maintain new applications, infrastructures, and joint IT and Communications projects while supporting and maintaining existing ones. In-depth knowledge is being diluted to keep pace with the increasing demands. Being spread thinner operationally also

diminishes the ability to be able to "back up" one another as everyone focuses solely on their primary support responsibilities.

Increasing overall demands on CIT's staff are beginning to exceed our capacity to continue providing an adequate level of maintenance and support for the City's communication and information technology needs.

If the gap between the number of CIT staff and the increasing number of applications, infrastructures, and projects to maintain and support continues to widen, the CIT Department will not be able to sustain the current level of maintenance and support across many areas of operation because our in-depth application, operational, and infrastructure knowledge will be greatly diminished, our overlapping knowledge and ability to back up one another will be non-existent, and staff will be "stressed out" from trying to keep up with the increasing demands. The results may be occurrences of problems and system downtimes taking longer to resolve, an increase in the number of equipment failures, and an increase in the number of software/hardware performance problems due to diminished maintenance and monitoring. Recovery will be costly and may take years.

Our assessment of staff needed to "stay even" with the demands and requests we have today:

- (1) Wireless Technician for the Radio Shop
- (1) IT Analyst for the Data/Network Systems group
- (2) IT Analysts for the Applications Support group
- (1) Systems Analyst for the Training and Support Services group
- (1) IT Analyst for the Network Support group
- (.5) Admin/Budget Analyst for Admin

6.5 FTE positions.

We will submit requests for (1) IT Analyst for the Data/Network Systems group and (1) IT Analyst for the Applications Support group for FY 2006-2007.

Additional details available in "CIT Budget Summary Follow-up" document.

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FISCAL YEAR: 2005-06

AS OF: 01/07/06

TO: Eric E. Tsao, Finance Director

FROM: Jeffery W. Gibson, Community Development Director

**SUBJECT: Explanation of Revenue Variances - Total Budget vs. Actual for
2nd Quarter FY 2005-2006**

General Fund Operations Revenues R01

Character 000006 – Charges for Services (61.89% recognized, \$161,932 variance)
Page 6

The positive variance increase reflects an increase in the collection of inspection, plan check and mapping fees.

Fund 4605 Low Mod Housing Revenues R01

Character 000004 – Use of Money & Property (65.62% recognized, \$17,314 variance)
Page 61

Interest rate on investment earnings increased during the year.

Character 000012 - Operating Transfers In (39.06% recognized , (\$154,537) variance)
Page 61

Transfers-in from Redevelopment Debt Service Funds are expected to increase in future periods as property tax increments are received from the County every month until August, 2006.

Fund 5402 Skypark Debt Service R01

Character 000001-Taxes (41.23% recognized, (\$60,754) variance)
Page 65

* Refer to NOTE A

Fund 5403 Industrial Debt Service R01
Page 66

Character 0000001-Taxes (39.83% recognized, (\$796,771) variance)

* Refer to NOTE A

Character 0000004 – Use of Money & Property (21.61% recognized, (\$46,036) variance)

Page 66

Investment earnings are projected to increase in future periods as property tax increments are periodically received from the County.

*** NOTE A**

The Redevelopment Agency continues to receive property tax increments from the County every month until August, 2006. This character will remain underutilized until funds are received and recorded.

AS OF: 01/07/06

TO: Eric E. Tsao, Finance Director

FROM: Jeffery W. Gibson, Community Development Director

SUBJECT: Explanation of Expenditure Variances - Total Budget vs. Actual for 2nd Quarter FY 2005-2006

GENERAL FUND OPERATIONS 153D

Administrative

Character 32 – Salaries & Benefit Reimbursement (1.6% expended, \$41,676 variance)

Page 17

Labor Projection was recently corrected to redirect labor charges from Public Works to Community Development for the Administrative Analyst performing the NPDES function. This has since been corrected.

Character 45 – Professional Contracts, Services & Utilities (5.3% expended, \$10,666 variance)

Page 19

It is anticipated that this account will fully utilized for administrative services by the end of the year.

Character 50 – Travel, Training & Membership (32.6% expended, \$11,069 variance)

Page 19

These charges are expended on an as-needed basis. It is anticipated that the balance of the remaining fund will be expended throughout the remaining fiscal year.

Character 60 – Liabilities & Other Insurance (66.9% expended, (\$16,651) variance)

Page 20

This account is over spent due to the fact that litigation expenses and award settlements were higher than anticipated as of Period 7.

Comprehensive Planning

Character 30 – Salaries & Benefits (42.0% expended, \$45,177 variance)

Page 24

Actual charges are low due to a Principal Planner vacancy.

Character 45 – Professional Contracts, Services & Utilities (0.0% expended, \$25,204 variance)

Page 25

The use of consultant services varies throughout the year and doesn't occur on a regular percentage basis. More consultant services will be needed to work on the General Plan update, Environmental Impact Report, and Historic Preservation Programs.

Development Review

Character 45 – Professional Services/Contracts (-29.9% expended, \$68,203 variance)

Page 29

Money has been paid to the city by developers to fund the preparation of environmental review documentation and that preparation is underway. The consultants bill the city as work is completed. The balance of the funds will be expended as work continues and billing occurs in the future.

Home Rehab Program

Character 30 – Salaries & Benefits (6.7% expended, \$10,452 variance)

Page 32

**See Note A*

Character 32 – Salaries & Benefit Reimbursement (6.7% expended, (\$10,452) variance)

Page 32

**Refer to Note A*

Redevelopment Activities

Character 30 – Salaries & Benefits (41.1% expended, \$34,928 variance)

Page 39

**Refer to Note A*

Character 32 – Salaries & Benefit Reimbursement (6.7% expended, (\$10,452) variance)

Page 39

**Refer to Note A*

*** NOTE A**

This character is underutilized due to a Principal Planner vacancy.

Transportation Planning

Character 30 – Salaries & Benefits (41.8% expended, \$35,879 variance)

Page 42

This account is under spent due to one Associate Planner position budgeted in Transportation Planning for one half-time Associate Planner and one half-time Associate Planner who resigned during 2004-2005. We will encumber this funding to employ part-time intern(s) during FY 2005-06.

Character 45 – Professional Services/Contracts (29.5% expended, \$11,645 variance)

Page 28

This account is under spent due to anticipation of hiring a consultant to conduct traffic counts for traffic calming requests.

Traffic Engineering

Character 45 – Professional Services/Contracts (1.0% expended, \$86,801 variance)

Page 48

This account is under spent due to two Traffic Engineer positions being charged in Period 1 (July), prior to being transferred to Public Works. It is anticipated that funds from this account will be transferred to Transportation Planning for Contract Services.

Permits & Records

Character 30 – Salaries & Benefits (45.9% expended, \$108,361 variance)

Page 51

One Engineering Technician I position is vacant and one Engineering Technician II position is listed on the vacancy report. Therefore these positions were not incurring costs.

Character 32 – Salaries & Benefit Reimbursement (28.1% expended, (\$116,376) variance)

Page 51

The vacant Engineering Technician I position is normally reimbursed 100% from the water fund, this reimbursement has not occurred due to the vacancy. One Associate Engineer and four Public Works Inspectors are budgeted to be partially reimbursed from Capital Improvement Projects. The reimbursement varies according to hours that are billed to Capital Improvement Projects.

Building Regulations

Character 45 – Professional Services/Contracts (-18.4% expended, \$86,948 variance)

Page 59

The variance reflects reimbursed fees that are collected upfront for the Expedited Plan Review Program. The funds provided by these fees are used to pay the City's consultant when the review is complete.

Environmental Design & Protection

Character 30 – Salaries & Benefits (42.4% expended, \$136,026 variance)

Page 63

This account is under spent due to one Senior Environmental Quality Officer vacancy.

Character 32 – Salaries & Benefit Reimbursement (66.8% expended, \$11,943 variance)

Page 63

This variance is due to one Senior Environmental Quality Officer vacancy.

FUND 2403 SECTION 8 HOUSING VOUCHERS (EXTERNALLY FUNDED) 153D

Section 8 Housing Administration

Character 35 – Materials, Supplies & Maintenance (45.1% expended, \$344,034 variance)

Page 172

Funding will remain unchanged for the remainder of this calendar year. We will be assigning more vouchers from the waiting list, which will increase our lease-up. However, we do not have funding for 100% lease-up. Depending upon the number of new lease agreements, some additional expenditures will occur, but this fund will continue to show a variance for the rest of the fiscal year.

Fund 3700 REHABILITATION HOUSING PROGRAM (EXTERNALLY FUNDED) 153D

Character 30 – Salaries & Benefit Reimbursement (0.0% expended, \$11,977 variance)

Page 178

There have been no new applications received for rehabilitation loans and therefore consequently no one had charged to this account. Additionally, charges are low due to a Principal Planner vacancy.

FUND 4603 DOWNTOWN (EXTERNALLY FUNDED) 153D

Redevelopment & Housing

Character 30 – Salaries & Benefits (39.8% expended, \$31,877 variance)

Page 3

Actual charges are low due to a Principal Planner vacancy.

Character 45 – Professional Services/Contracts (3.7% expended, \$340,441 variance)

Page 4

Invoices for professional/contract services during the period have not been received nor processed for payment. Budget amount Educational Revenue Augmentation Fund (ERAF) payment for the year in the amount of \$427,690 which is scheduled for payment in May 2006.

FUND 4604 INDUSTRIAL (EXTERNALLY FUNDED) 153D

Redevelopment & Housing

Character 45 – Professional Services/Contracts (3.7% expended, \$43,303 variance)

Page 12

Redevelopment Agency approved several service contracts at the beginning of the fiscal year. Invoices for contract services during the period have not been received nor processed for payment.

Character 50 – Travel, Training & Membership (6.4% expended, \$12,212 variance)

Panel 13

The availability of conferences and training opportunities varies throughout the year.

FUND 4605 LOW MOD HOUSING (EXTERNALLY FUNDED RESTRICTED) 153D

Redevelopment & Housing

Character 45 – Professional Services/Contracts (5.2% expended, \$132,453 variance)

Page 21

Staff may acquire property for land for a housing project, which would require the use of various consulting services.

FUND 5402 SKYPARK (EXTERNALLY FUNDED) 153D

Redevelopment & Housing

Character 70 - Debt Service (100.0% expended, (\$193,702) variance)

Page 206

Annual bond principal and interest were paid as of the end of Period 7.

Character 85 – Operating Transfers Out (41.2% expended, \$12,151 variance)

Page 206

Transfers out to Low-Mod housing for the 20% set-aside are expected to increase as property tax increments are received from the County in future periods.

FUND 5401 DOWNTOWN (EXTERNALLY FUNDED) 153D

Redevelopment & Housing

Character 45 – Professional Services/Contracts (44.7% expended, \$70,986 variance)

Page 204

This character includes the County pass-through which is recorded as tax increments, is received from the County.

Character 70 - Debt Service (41.1% expended, \$222,511 variance)

Page 206

Bond interest (second half) will be paid on March 1st. Interest on the County advance is recorded at the end of the fiscal year. This character will remain underutilized until these payments are recorded.

Character 85 – Operating Transfers Out (43.1% expended, \$29,323 variance)

Page 204

Transfers out to Low Mod Housing for the 20% set-aside are expected to increase as property tax increments are received from the County in future periods.

FUND 5403 INDUSTRIAL (EXTERNALLY FUNDED) 153D

Redevelopment & Housing

Character 45 – Professional Services/Contracts (38.3% expended, \$144,304 variance)

Page 208

This character includes the County pass-through which is recorded as tax increments, is received from the County.

Character 70 - Debt Service (66.3% expended, (\$318,480) variance)

Page 206

Bond interest (second half) will be paid on March 1st. This character will remain underutilized until this payment is recorded.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: February 10, 2006

TO: MEMBERS OF THE BUDGET REVIEW TEAM

FROM: GENE BARNETT, COMMUNITY SERVICES DIRECTOR

SUBJECT: EXPLANATION OF 2005-2006 MID-YEAR REVENUE
VARIANCES - BUDGET VS. ACTUAL

Administrative Services Division –Fund (1001)

Character 000007 – Program Revenues: [70.50%, \$48,518]

Program Revenues are higher than plan due to the popularity of the Recreation Service Division's programs. Revenues should taper off in the winter months, but increase heading into the summer.

Library Services Division –Fund (1001)

Character 000005 – Revenues from Other Agencies: [0.0%, \$17,091]

This is revenue the Library receives for allowing users from other Cities to borrow Torrance Public Library materials. Since this fluctuates greatly, depending on season and numbers of outside borrowers, there is no targeted budget figure for this area.

Character 000006 – Charges for Services: [41.35%, (\$21,903)]

The Library doesn't receive fines evenly over the 12 months of the year. Two of the slowest months for the Library are September, and December which are covered by this reporting period. A higher level of activity is usual for the last six months of the fiscal year. While we do not expect to reach 100% of the budgeted amount by the end of the fiscal year, we are over \$8,000 ahead of this point last year.

Character 000008 – Other Revenues: [0.0%, \$16,753]

The Library receives donations from the Friends of the Library as well as the general public. Some of this money is for designated projects like the Manga/Anime collection. The Department does not predict or advance budget for donations as these vary each quarter and each year.

Cultural Services Division –Fund (6903)

Character 000007 – Program Revenues: [78.84%, \$269,884]

Program Revenues are higher than budget to date due to the popularity of and the continued expansion of the Cultural Service Division's programs.

Character 000008 – Other Revenues: [0.0%, \$14,139]

The Division receives donations from the general public. The Department does not predict or advance budget for donations as these vary each quarter and each year.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: February 10, 2006

TO: MEMBERS OF THE BUDGET REVIEW TEAM

FROM: GENE BARNETT, COMMUNITY SERVICES DIRECTOR

SUBJECT: EXPLANATION OF 2005-2006 MID-YEAR EXPENDITURE
VARIANCES - BUDGET VS. ACTUAL

Administrative Services Division – General Fund (1001)

Character 30 – Salaries and Employee Benefits: [38.9%, \$130,737]

The Division's salary budget reflects the additional funds that were transferred to accommodate the Information Desk, Facility Bookings, the Park Ranger program, and the Registration Section which includes publishing the Torrance Seasons guide. The savings is also attributed to staff vacancies due to the late startup of the Division.

Character 32 - Salaries and Benefit Reimbursement: [14.4%, (\$40,252)]

The Salary and Benefit Reimbursements coincide with the transfer of the Park Ranger program. The billing for these funds will take place in June.

Character 35 – Materials Supplies and Maintenance: [34.7%, \$18,488]

The Departmental Reorganization expanded the Administrative Services Division to assist with the increased size of the Department. The new Division began functioning in September 2005, and became fully operational in November 2005. The under expenditure in materials and supplies is reflected in the unit's late startup. After the significant staffing changes that have occurred in the Division, the Department will be monitoring expenditures closely.

Character 75 – Capital Acquisitions: [0.0%, \$27,981]

Capital Acquisitions purchases will occur in March and April as furniture and equipment are ordered and delivered. It is anticipated that funds under this character will be fully expended by year end.

Park Services Division – General Fund (1001)

Character 32 - Salaries and Benefit Reimbursement: [13.5%, (\$60,026)]

The balance of the budgeted Salary Reimbursement is recovered from Los Angeles County, Proposition A, Maintenance and Servicing Funds from other City Departments. The billing for these funds will take place in June.

Character 45 – Prof Services/Contracts & Utilities: [58.0%, (\$39,443)]

The overage is due to the disproportionate use of the Division's water budget. Park watering in July, August, September, and October nearly exceeds all of the year's remaining months.

Character 60 – Liabilities and Other Insurance: [23.2%, \$27,612]

The surplus is attributed to the conscious reduction of liable hazards with the City parks and ensuing lack of claims.

Library Services Division – General Fund (1001)

Character 35 – Materials Supplies and Maintenance [46.7%, \$50,122]

The Library system purchases its books and magazines throughout the year. Though book purchases at mid year are slightly lower than expected, the spring purchasing season will expend the remaining funds. Periodicals/Subscriptions appear under expended, but the Library encumbers a large portion of their funds which shows expenditures are on track.

Character 60 – Liabilities and Other Insurance [23.2%, \$11,537]

The surplus is attributed to the conscious reduction of liable hazards with the library system and ensuing lack of claims.

Recreation Services Division – Enterprise Fund (6902)

Character 32 - Salaries and Benefit Reimbursement [19.7%, (\$56,748)]

The balance of the budgeted Salary Reimbursement is recovered from Los Angeles County, Proposition A, Maintenance and Servicing Funds from other City Departments. The billing for these funds will take place in June.

Character 35 – Materials Supplies and Maintenance [47.2%, \$36,958]

Some of the Recreation programs are planned to have low expenditure rates in the first half of the year and catch up in the latter half. For example, the Senior Excursion program plans the less expensive trips in the first part of the year to gauge participation rates, and then plans the more expensive trips in the latter half of the year. Also, lower insurance costs are attributed to the reduction of liable hazards and ensuing lack of claims. Factoring in the encumbrances shows that expenditures in this character are on track for the year.

Character 45 – Prof Services/Contracts & Utilities [39.8%, \$84,318]

The savings is attributed to an initial slow period of contract class programming. Staff anticipates that contract classes and programs, such as Adult Sports, Teen Activities, and After School programs, will increase through the end of the fiscal year.

Cultural Services Division – Enterprise Fund (6903)

Character 35 – Materials Supplies and Maintenance [68.6%, (45,966)]

The Division purchases its supplies in advance of its programs. The variance has occurred in part due to this practice. Also, the opening of the Torrance Art Museum has impacted the Division's usage of materials, supplies, and maintenance needs, unlike the previous four fiscal years when the Museum was closed for renovation.

Character 45 – Prof Services/Contracts & Utilities [71.9%, (\$101,686)]

The Division typically spends a large portion of this budget during the summer programming season on agreements with production artists for City Showcases, youth performances, and the Summer Musical. In addition, substantial funding has been encumbered in advance for annual contract class instructors.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: February 10, 2006

TO: MEMBERS OF THE BUDGET REVIEW TEAM

FROM: GENE BARNETT, COMMUNITY SERVICES DIRECTOR

SUBJECT: 2005-2006 MID-YEAR OPERATIONAL CONCERNS

Administrative Services Division

- **Revenue from Park User Fees:** The residents' use of park buildings, picnic sites and fields continues to increase and has lead to the annual accrual of surplus revenue. Staff hope to utilize the additional revenue to assist the park maintenance operations that are most impacted by the increased use of park facilities.

Park Services Division

- **Utility Charges:** Water, natural gas and dump fee costs continue to escalate. The Division's current budget may likely be insufficient in the upcoming fiscal years.
- **National Pollutant Discharge Elimination System Impact:** The full financial impact of the increased State and Federal NPDES mandates remains unknown and remains a large concern.
- **Tree Maintenance:** The Division has an annual agreement with a local tree trimming contractor in the amount of \$50,000. This may be insufficient in upcoming years to properly maintain all of the park system's trees.

Library Services Division

- **Ongoing PC costs:** The number of Library PC's has grown significantly over the past several years. The budget needed to cover the ongoing cost of software licenses, PC replacement, hardware maintenance and IT support requires a commensurate adjustment.
- **Wi-Fi Expansion:** The public's interest in Wi-Fi hot zones (wireless computer access) has increased significantly. The Torrance Public Library would like to add Wi-Fi service at all of the branch libraries. This will require upgrades to all of the branch electrical systems.
- **Collection Development & Maintenance:** Reduction of the Library materials budget accompanied with several years of super-inflation in the book and paper industry has significantly weakened the Library's ability to acquire materials and has drastically limited the Library's ability to maintain its collection. Replacement of high demand and well used items will be lost over time, unless an alternative and consistent source of funding is found.

Recreation Services Division

- **TUSD Facility User Fee Increases:** The Division's budget for rental of after school program sites, use of the school gymnasiums and rental of other onsite facilities is no longer sufficient for the Districts level of fees.
- **Expansion of the After-School Program:** The Department recently received a letter from the Principal of Arnold Elementary requesting that the City operate an After-School program on the Arnold campus. Staff will develop program modification for Council's approval prior to the start of the 2006-2007 school year.
- **Park Ranger Program Vehicle Acquisition:** Staff have identified two fire vehicles that have been removed from service, which could be used to unify transportation for the Park Ranger program. Staff are in the process of developing a budget for ongoing maintenance and the necessary modifications that must be made to make the vehicles appropriate for ranger use.

Cultural Services Division

- **Torrance Art Museum Operation:** The operating budget that exists for the improved Torrance Art Museum was developed several years ago for different program elements. Staff have adapted the budget to most of the new facility uses but have identified two insufficient areas. Additional resources are needed to fund the annual custodial contract, estimated at \$12,000 per year, and to upgrade the part-time museum curator position to full-time status.
- **Contracts Budget Expansion:** Agreements with independent contractors for classes and programs continue to expand. The budget for contract revenue and expenditures should be projected and increased to reflect this trend.

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CITY OF TORRANCE

INTER-OFFICE COMMUNICATION

DATE: January 8, 2006

TO: Eric E. Tsao, Finance Director

FR: Taylor Dulaney, Budget Manager

RE: ***EXPLANATION OF VARIANCES – TOTAL BUDGET VS. ACTUAL FOR
MID-YEAR 2005-06***

REVENUES

Street Lighting District Fund

1. Taxes – Character 01 (46.98%, <\$62,067>) (p. 30)

Street Lighting Assessment receipts are recorded when they are received which is on a semi-annual basis. The first major receipt from Los Angeles County was in December with a residual clean-up amount of \$105,697 received on January 24, 2006 after the period was closed bringing the percentage of budget expired to 56%.

EXPENDITURES

General Fund

Direction and Control

1. Salaries and Employee Benefits – Character 30 (47.0%, \$85,544) (p. 3)

The under-usage of salary budget is due to a vacant Audit Intern position and unspent Workers' Compensation budget.

2. Professional Services/Contracts & Utilities – Character 45 (10.4%, \$26,276) (p. 4)

This is primarily due to unused budget for consulting services and upgrading the City's financial software which is on hold pending the RFP for financial software. Should the City decide to change financial software providers, any remaining funds would be transferred to the conversion project.

Financial Accounting

1. Salaries and Employee Benefits – Character 30 (46.1%, \$137,321) (p. 10)

Salaries are under-expended due to one vacant Sr. Account Clerk, one vacant Accountant, and an Accountant that charges directly to the WIN budget.

2. Salary and Benefit Reimbursements – Character 32 (44.5%, <\$50,991>) (p. 10)

Salary and benefits are under-reimbursed due to the direct charging of WIN by an Accountant and the vacancy of a Sr. Account Clerk budgeted to be reimbursed by WIN.

3. Materials Supplies and Maintenance – Character 35 (34.5%, \$22,464) (p. 12)

The postage for water utility billing services for the months of November and December in a total amount of \$10,382 were received and paid in period 8.

The material and supplies budget is anticipated to be fully utilized by year end.

4. Professional Services/Contracts & Utilities – Character 45 (30.9%, \$106,572) (p. 12)

The invoices for utility billing services for November and December in a total amount of \$51,290 were received and paid in period 8.

The final invoice for external auditing fees for year end 6/30/05 audit in the amount of \$15,357 was received and paid in period 9.

A memo encumbrance budget of \$40,000 was rolled from last fiscal year to be used for the document imaging project. As of period 7, this encumbrance budget has not been used but is anticipated to be used by year end.

Street Lighting District Fund

Financial Accounting

1. Materials Supplies & Maintenance – Character 35 (42.2%, \$56,272) (p. 175)

Character 35 is 100% total reimbursement to the General Fund Public Works Street Light and Signals program. As of period 7 their budget is under spent by 10.1%.

2. Professional Services/Contracts & Utilities - Character 45 (38.8%, \$193,153) (p. 175)

Edison light and power bills for the period of December 1, 2005 to January 1, 2006 was received and paid after the period closed. The total amount of these bills is \$100,476 utilizing 7.7% of the light and power budget. The remaining budget for professional/technical services will be used when the City enters into a new contract with the consultants for the Street Lighting District.

CITY OF TORRANCE
INTEROFFICE COMMUNICATION

DATE: February 6, 2006
TO: Eric E. Tsao, Finance Director
FROM: Rick Bongard, Fire Chief
SUBJECT: **Explanation of Revenue Variances - Budget vs. Actual**
2nd Quarter 2005-06
(52.3% Expired as of 1/7/06; Variances of +- 5% and \$10,000)

General Fund 1001

Character 2 – License, Fees and Permits (8.86%, -\$54,518)

The reason for the low collections at character 2 – License, Fees and Permits is that the majority of Fire permit fees are annual and are collected with the business license renewal beginning in December. The \$11,112 reported in account 0202 is mostly from temporary permits (mall displays etc.) and some initial business permits, which are collected throughout the year.

Character 6 – Charges for Services (13.27%, -\$478,465)

The collections at character 6 - Charges for Services are below the projected level because the payments from this year hazardous materials fees are yet to be received. The NPDES Fire Fee and the Annual Fire Inspection Fee were also billed through the business license renewals in December and the payments just started coming in January.

The three hazardous materials fees – for hazardous materials, acutely hazardous materials and underground storage tanks-- are annual fees billed through the County of Los Angeles Fire Department. The Department sent the billing information to the County at the end of October 2005.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: February 6, 2006
TO: Eric E. Tsao, Finance Director
FROM: Rick Bongard, Fire Chief
SUBJECT: **Explanation of Expenditure Variances -- Budget vs. Actual**
2nd Quarter 2005-06
(52.3% Expired as of 1/7/06; Variances of +- 5% and \$10,000)

General Fund 1001

Administration

Character 35 - Materials Supplies & Maintenance (42.8%, +\$72,076)

The positive variance (underspending) at character 35 Materials Supplies & Maintenance is due to increased budget as well as to lower charges for Fleet Labor. The department budget for fuel and non-commercial repair was increased by a total of \$44,000 and budget for vehicle commercial repair was added in the amount of \$49,000. In addition, the actual charges for Fleet Hourly Labor are lower compared to the same period of last year - \$130,055 in FY05-06 vs. \$162,874 in FY04-05 as of period 7. This explains the under-budget expenditure variance for the first seven fiscal periods of FY05-06.

Character 45 – Professional Services (45.0%, +\$17,373)

Staff believes that this is a temporary variance. The percent of expended funds and the variance are based on the actual expenditures only: in the calculation of the variance and the percent of expired funds, the encumbrances are not included in the expenditures while their budget is included in the total budget. Because of that, the variance and the percent of funds expired look understated. When the encumbrances are added to the actual expenditures, the total amount of already spent or committed funds as of the end of period 7 constitutes 75% of the annual budget. As services are provided and paid, the encumbrances will turn into actual expenditures and the variance will diminish.

Character 60 – Liabilities & Other Insurance (23.2%, +\$27,688)

The under-budget expenditure variance as Character 60 is due to the fact that no claims under \$50,000 were submitted in the Fire Department during the analyzed period.

Operations

Character 35 - Materials Supplies & Maintenance (28.3%, +\$78,945)

This is a temporary variance. Firefighter uniforms, turnout pants and jackets, and fire hose are yet to be ordered. These are large purchases that will use up significant amount of funds.

Character 75 - Capital Acquisitions (13.8%, +\$77,401)

This is also believed to be a temporary variance. The Department has a list of projects to complete within this year's capital outlay budget. An order for Self Contained Breathing Apparatus (SCBA) unit repairs and upgrade (for about \$24,000) is currently being worked on. Funds are also designated for light bars for the two new rescues. However, the light bars haven't been purchased because the rescues have not arrived yet. Staff is also researching the replacement of fire hoists at Stations 2, 3, 4, and 5. Replacement of the security gate at Station 1 is complete. The specifications for the Station 2 gate were sent to Purchasing. Work on Station 3 gate will not start until after the completion of Station 2 gate. Three computers for the dispatchers were ordered: their initial cost and the first year replacement cost is yet to be charged by CIT.

Fire Prevention**Character 30 – Salaries & Employee Benefits (43%, +\$121,365)**

The new Senior Fire Prevention Officer (FPO) was hired on December 5, 2005 – about five months after the beginning of the fiscal year, which resulted in unused salary budget. The Senior FPO was hired following the civilianization of one Senior Fire Inspector safety position and the creation of the new job class. The Department contracted with a consultant for the provision of plan checking services until the new Senior FPO was hired. In addition, the Public Education Officer has been on Industrial Leave since September 2005. Payroll automatically charges all leaves (regardless of what division the person's salary is budgeted and charged to) to a default code, which in the Fire Department's case is the Operations Division. Having his salary budgeted in the Fire Prevention Division and charges incurred in the Operations Division contributed to the positive (underspending) variance. A request was sent to Finance to re-classify these charges (\$63,388) back to the Fire Prevention Division.

Emergency Medical Services Enterprise Fund 6501**Character 35 - Materials Supplies & Maintenance (42.7%, +\$25,110)**

This is a temporary variance. When encumbrances are included, 68.1% of the funds have been spent or committed as of the end of Period 7.

Character 45 – Professional Services (23.9%, +\$10,153)

The Consulting Services Agreements with the two Quality Improvement Coordinators (nurses) are budgeted in this character. The consultants are late submitting their invoices but they do come to work at the Fire Department on a regular basis. The total contract amounts have been used up in full in the past years.

Character 75 - Capital Acquisitions (19.4%, +\$12,246)

This is also believed to be a temporary variance. Some purchases of EMS equipment are yet to be made. As of February 7, 2006, 51% of the funds were spent or encumbered.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: February 6, 2006
TO: Eric E. Tsao, Finance Director
FROM: Rick Bongard, Fire Chief
SUBJECT: **Departmental Concerns - 2nd Quarter 2005-06**

Following are the Fire Department concerns:

□ **Revenue Concerns**

- Received complaints against the Paramedic Medical Facility Fee.
- The billing for the Annual Fire Inspection Fee will not reach the estimated budget of \$487,000. The total amount of bills sent this year (in December 2005) was \$367,514.00. This does not include the non-profit and miscellaneous billing that will be done for occupancies not having business licenses.

□ **Expenditure Concerns**

- New lines have been added at the Dispatch Center during the dispatch consolidation. The recurring charges through the end of FY05-06 (\$287 per month) have been charged to the Dispatch Consolidation project. A greensheet will be submitted to increase the FY 2006-07 flat rates to include the added lines.
- Fire Department proposed new paramedic rescue unit, reduced staffing of the hazmat team and implementation of the shift fire cause and origin investigator program. The shift fire investigator program was approved on June 21, 2005. The proposed enhancement to paramedic services at Station 5 and the strategies to accomplish it were referred to the Public Safety Committee for further analysis after mid-year.
- Full-time Continuous Quality Improvement Coordinator for the EMS program. Currently the Department is contracting with two nurses.
- IT Analyst temporarily dedicated to the Fire Department to help with department projects while the Fire's Systems Analyst is involved in the implementation of the Public Safety Information System (CAD/RMS).

FISCAL YEAR: 2005-2006

AS OF: 1/7/06

TO: Eric Tsao, Finance

FROM: Sheryl Ballew, General Services Director

DATE: January 30, 2006

**EXPLANATION OF VARIANCE – TOTAL BUDGET VS. ACTUAL
GENERAL SERVICES PROGRAMS**

Direction & Control

**Character 000030: Salaries & Employee Benefits
(59.1% expended, -\$28,785)**

Direction and control is over the acceptable range primarily due to the amount of worker's compensation claims.

Facility Services Administration

**Character 000032: Salaries & Employees Benefits Reimbursements
(37.2% expended, -\$27,921)**

Salaries and Employee Benefits Reimbursements are below the acceptable range due to the distribution of the reimbursements within the 13 periods. There are various projects slated for completion this fiscal year which are expected to bring reimbursements in line with year end budgets. Project Management fees from prior year projects will make up any differences in Salaries & Employees Benefits Reimbursements.

Building Maintenance

**Character 000030: Salaries and Employee Benefits
(41.6% expended, \$74,769)**

Salaries and Employee Benefits is below the acceptable range due to position vacancies. The remaining vacant position was filled in December 2005.

**Character 000032: Salaries & Employees Benefits Reimbursements
(41.6% expended, -\$46,100)**

Salaries and Employee Benefits Reimbursements are below the acceptable range due to 80% of the Building Maintenance Supervisor's position now being reimbursed through capital projects which started in October 2005. There are various projects slated for completion this fiscal year which are expected to bring reimbursements in

line with year end budgets. Project Management fees from prior year projects will make up any differences in Salaries & Employees Benefits Reimbursements.

**Character 000035: Materials, Supplies & Maintenance
(42.6% expended, \$35,265)**

Materials, Supplies & Maintenance is below the acceptable range due to a cautionary use of funding in the first quarters in preparation for unforeseen emergency work throughout the fiscal year. Expenditures will be in line with year-end projections as temporarily held projects will be accomplished.

Custodial Services

**Character 000035: Materials, Supplies & Maintenance
(43.7% expended, \$14,954)**

Materials, Supplies & Maintenance is below the acceptable range due to a cautionary use of funding in the first quarters as staff monitors the material spending through the warehouse charges account (3771). Expenditures will be in line with year-end projections.

**Character 000045: Professional Services/Contracts & Utilities
(5.1% expended, \$16,529)**

Professional Services, Contracts and Utilities is below the acceptable range due to the addition and encumbrance of \$30,000 in the character for a one time contract expenditure expected in the 3rd quarter. Use of the one time funds by year end will bring the budget in line for the character.

Air Conditioning/Heating Services

**Character 000030: Salaries and Employee Benefits
(39.1% expended, \$62,728)**

Salaries and Employee Benefits are below the acceptable range due to a position vacancy. Due to a shortage of qualified air conditioning technicians in the area, the attempts to fill the positions have been challenging. Staff continues to work with Human Resources to bring qualified candidates to the City of Torrance. We expect to fill the position in 3rd quarter.

**Character 000035: Materials, Supplies & Maintenance
(25% expended, \$76,797)**

Materials, Supplies & Maintenance is below the acceptable range due to a cautionary use of funding in preparation for unforeseen emergency work throughout the fiscal year. Expenditures will be in line with year-end projections as temporarily held projects will be accomplished.

Character 000045: Professional Services/Contracts & Utilities
(1.2% expended, \$33,700)

Professional Services, Contracts and Utilities is below the acceptable range due to the addition and encumbrance of \$30,000 in the character for a one time contract expenditure expected in the 3rd quarter. Use of the one time funds by year end will bring the budget in line for the character.

Graffiti Removal

Character 000045: Professional Services/Contracts & Utilities
(39.7% expended, \$27,597)

Professional Services, Contracts and Utilities is below the acceptable range due to the non-encumbrance of the graffiti contract for \$220,000. The billing cycle by the vendor has been later than the fiscal period reports. As the year progresses, the amount expended is expected to be in line with the annual budget for the character.

Facility Utilities

Character 000045: Professional Services/Contracts & Utilities
(46.8% expended, \$18,672)

Facility Utilities is below the acceptable range due to the billing cycle being a few weeks out of sequence. As the year progresses, the amount expended is expected to be in line with the current budget for the character.

City Yard

Character 000045: Professional Services/Contracts & Utilities
(42.0% expended, \$26,174)

Professional Services is under budget at this time pending facility improvements and purchases upcoming in the 3rd and 4th quarters.

Airport

Revenues:

Character 000009: Airport Revenues
(58.87% recognized; \$206,031)

Receipts from tenants are based on the calendar year and are received the first of each month. On a monthly budget basis the percentage of budget expired would be 58.3%. In addition, transient and tie down fees are approximately 5% over each month.

Expenditures:

Character 000055: Depreciation and Amortization
(Administration 47.3% expended, \$15,015)

Capital Projects in progress for hangar construction and security improvements at the Airport will result in increased depreciation expense in future periods.

Cultural Arts Center**Revenues:**

Character 000008: Other Revenues
(41.04% expended, -\$11,058)

Grant revenue is lower than anticipated due to pending labor charges for upcoming Torrance Cultural Arts Center Foundation performances in the second half of the fiscal year.

Expenditures:**Meeting Rooms**

Character 000045: Professional Services/Contracts & Utilities
(40.4% expended, \$12,391)

Professional Services is under budget due to current facility maintenance projects which will be completed throughout the 3rd and 4th quarter.

Classrooms

Character 000030: Salaries and Employee Benefits
(46.4% expended, \$17,676)

Staff hours were allocated more towards Meeting Rooms and Theatre in the first and second quarters, but should be in line with budget at fiscal year end.

Character 000035: Materials, Supplies and Maintenance
(4.6% expended, \$13,401)

Material expenses are low due to anticipated rental and maintenance equipment purchases which are pending further research and evaluation.

Theatres

Character 000035: Materials, Supplies and Maintenance (28.4% expended, \$14,245)

Material expenses are low due to the bulk of large theatre equipment purchases made through FEAP #502 during the first half of the fiscal year.

Fleet Services – Vehicle Replacement Fund

Revenues:

Character 000004: Use of Money and Property (58.93% recognized; \$166,121)

Fleet's revenues are beyond expectation in this character due to bountiful investment earnings; we have already recognized 129% of the fiscal year budget in that account.

Character 000008: Other Revenues (8.25% recognized; -\$35,422)

Only a very few vehicles have been sold thus far this fiscal year, but we anticipate that as the year progresses we will meet, if not exceed, our budget for Gain on Disposal of Fixed Assets.

Character 000012: Operating Transfers In (100% recognized; \$11,995)

This unbudgeted Transfer In reflects Public Works' partial funding of the replacement of a tractor which necessitated replacement earlier than had been planned. The amount of the Transfer In (\$25,198) is matched by an increase to Fleet's Vehicle Replacement budget for this fiscal year.

Expenditures:

Direction and Control

Character 000030: Salaries and Employee Benefits (45.5% expended, \$20,074)

This character includes budget for time spent by Fleet Services employees engaged in work-related training, as well as time spent in divisional meetings or involved in other authorized non-vehicle related activities. Unfortunately, we have not been able to arrange for as much relevant training as we had hoped; therefore hours charged to this character are limited. Further, we find that some charges which should have been made here were instead made against Vehicle Equipment Maintenance Services; more diligence will be given to ensuring that future labor charges are correctly posted.

Character 000032: Salaries and Benefit Reimbursements
(35.6% recognized, -\$10,325)

Salary and benefit reimbursements are based on budget hours by job class, yet reimbursements are not collected when the employee is on leave. As both of the individuals with time budgeted in this character used approved leaves (SL and VL) during the 1st half of this fiscal year, this character is under-recognized.

Vehicle and Equipment Maintenance Services

Character 000045: Professional Services/Contracts & Utilities
(6.4% expended; \$21,807)

Expenses in this category are not necessarily regular throughout the fiscal year; in this case we have not yet found it necessary to purchase any computer hardware or shop-related professional services. We do have plans to procure both additional elements to our fleet maintenance system and consulting services for their implementation before fiscal year-end.

Inventory

Character 000040: Part and Fuel Inventory Purchases
(32.2% expended; \$498,092)

A significant portion of this under-expenditure is due to the fact that the City did not purchase any bulk quantities of gasoline during the 1st quarter due to ongoing upgrades to our underground gasoline storage tanks. Further, this Character shows expenditures lower than statistically computed as many of the invoices for items purchased and services obtained year-to-date have yet to be received and/or processed for payment.

Character 000042: Fuel/Parts/Lubricants Contra Account
(32.2% recognized; -\$498,092)

This character is used by the Finance Department to offset balance sheet-type expenditures such as Character 40 - Parts & Fuel Inventory to ensure that there is no increase or decrease to the department's budget.

Fleet Services - Vehicle Replacement

Expenditures:

Character 000055: Depreciation and Amortization
(43.9% expended; \$158,756)

As Fleet Services continues to defer the purchase of new vehicles pending the resolution of the lease/purchase issue and while we determine which path to take regarding the replacement of diesel-fueled vehicles, current depreciation costs

remain low as the vehicles awaiting replacement have already been fully depreciated.

Character 000075: Capital Acquisitions
(21.4% expended, \$906,542)

As referenced in the explanation above, we have yet to purchase any vehicles from this fiscal year's budget whilst our options for replacement of both gasoline and diesel-fueled vehicles are being explored.

Character 000081: Asset Contra Account
(21.4% recognized, -\$906,542)

This account is utilized by Finance to balance expenditures for vehicles and equipment. As very few vehicle purchases have been made, this character is drastically under-recognized.

Hazardous Waste Program

Expenditures:

Character 000045: Professional Services/Contracts
(14.3% expended; \$27,316)

We continue to evaluate the Program to determine which of the numerous regulatory reporting requirements would be best handled by an outside environmental management firm. Once that determination is made, we will be contracting some of the more technical analyses to a consultant with experience in environmental science.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: February 8, 2006

TO: Members of the Budget Review Team
FROM: Sheryl Ballew, General Services Director
SUBJECT: General Services Department Operational Concerns

Each Division in the General Services Department has identified the following operational concerns:

Facility Services Division

- Increasing costs for utilities.

Facility Operations Division

- Increasing costs for various types of paper.

Fleet Services Division

- Increasing fuel costs.
- Alternative fuel mandates impacting the types of vehicles the City can and cannot purchase when replacing existing vehicles.

CITY OF TORRANCE INTER-OFFICE COMMUNICATION

DATE: February 6, 2006

TO: Eric E. Tsao, Finance Director
FROM: Elaine M. Winer, Human Resources Director
SUBJECT: Explanation of Variances –Budget Vs. Actual - Period 7, FY 2005-2006

EXPENDITURES

Benefits

Character 30 – Salaries & Employee Benefits (60.4%, -\$22,439)

This variance is due to the one time disbursement of contract signing bonuses as approved by City Council.

Character 35 – Materials, Supplies, and Maintenance (33.4%, \$13,658)

This under-expenditure is due to funding for the annual employee service award dinner, which will be spent in full in the third quarter.

Workforce Development and Training

Character 45 - Professional Services/Contracts and Utilities (20.8%, \$32,119)

The emphasis was placed on completing mandated sexual harassment awareness training for supervisors. The variance results from a postponement of other training programs to the fourth quarter as staff has been dedicated to other functions since the department reorganization went into effect.

Classification Studies

Character 30 – Salaries & Employee Benefits (33.8%, \$33,473)

This variance is due to an error in the prescheduled labor charge. The prescheduled labor charge code for an employee was not updated to charge an appropriate amount to this program. The prescheduled labor charge will be updated and properly charged and reflected in the next period report.

Character 45 - Professional Services/Contracts and Utilities (8.4%, \$47,807)

This variance reflects an encumbrance to pay for professional services under the Classification Plan. This has been set aside as a one-time reserve to be utilized as needed. Staff resources have been allocated to conducting recruitments and examinations. The classification studies completed were conducted by in-house staff.

Program Compliance

Character 35 – Materials, Supplies, and Maintenance (46.3%, \$10,546)

This variance is due to the payment cycles for medical services. It is anticipated that the funding for medical services will be spent in the third and fourth quarter.

Character 45 – Professional Services & Contracts (27.6%, \$35,659)

The variance results from few complaints being filed that required the use of a professional investigator. Also, invoices for fingerprinting services have not been received on schedule.

Character 82 – Reimbursements From Other Departments - (0.0%, \$11,140)

Reimbursements in this character are for the cost of the mandated US Department of Transportation drug and alcohol testing for DOT designated "Safety Sensitive" employees. Reimbursements for the period July 1, 2005 to December 31, 2005 have been submitted and will be reflect in the next period report.

Testing

Character 45 – Professional Services/Contracts (28.8%, \$15,644)

This variance occurred because invoices for larger expenditures have not been received and are lower than anticipated usage of these services by mid-year.

Recruitment

Character 30 – Salaries & Employee Benefits (68.9%, -\$26,649)

This variance is due to an error in the prescheduled labor charge. The prescheduled labor charge code for an employee was not updated to charge an appropriate amount to this program. The prescheduled labor charge will be updated and properly charged and reflected in the next period report.

Character 45 – Professional Services/Contracts (18.4%, \$13,397)

This variance occurred because invoices for larger expenditures have not been received and are lower than anticipated usage of these services by mid-year.

Workers' Compensation Insurance-Self

Character 30 – Salaries and Employee Benefits (45.5%, \$34,725%)

This variance is primarily due to an extended leave of absence by a Division employee.

Character 45 – Professional Services/Contracts (24.4%, \$23,897)

This variance is due to the receipt of 2nd Quarter software bills after the 2nd Quarter, which will be processed in the 3rd Quarter.

Character 60 – Liabilities and Other Insurance (64.2%, - \$214,517)

This variance is due the payment of the excess workers' compensation insurance premium that was made in the 1st quarter and higher than budgeted costs on old workers' compensation claims. It is estimated that at year end the account will be overspent by approximately \$200,000.

Character 85 – Operating Transfers Out (98.5%, - \$67,618)

This variance is due to the complete transfer of funds that took place in the 1st Quarter. This is for the future increased maintenance costs as well as upgrades to the workers' compensation information system.

Liability Insurance – Self-Insurance**Character 60 – Liabilities and Other Insurance (59.5%, - \$79,559)**

This variance is due to the annual payment of the excess liability as well as the property insurance premiums in the 1st quarter. At year end it is estimated that this account will be under-spent by approximately \$100,000.

Character 85 – Operating Transfers-Out (94.9%, -\$12,039)

This variance is due to the complete transfer of funds that took place in the 1st Quarter.

Unemployment Insurance**Character 60 – Liabilities and Other Insurance (36.9%, \$29,366)**

This variance is due to fewer claims received.

Fund 8008 AB-2766 - Air Quality Management**Fund 000005 – 0738 AQMD Revenues (27.22%, \$40,637)**

The second quarter grant is not reflected in this quarter, but will be posted in the third quarter.

Air Quality Management**Character 35 - Materials Supplies and Maintenance (31.0%, \$16,217)**

This under-spend variance is because the December billing for awards was not received until the 3rd Quarter.

Home Improvement Fund ¹**Character 35 – Materials, Supplies, and Maintenance (98.1%, -\$13,880)**

This variance is due to a contract encumbrance of construction materials. The contract will provide materials for the duration of the fiscal year.

¹ The Peoplesoft 172 report is used to assess the variances for the Home Improvement Program.

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CITY OF TORRANCE INTER-OFFICE COMMUNICATION

DATE: February 7, 2006
TO: Eric E. Tsao, Finance Director
FROM: James D. Herren, Chief of Police
SUBJECT: Explanation of Variances
Total Budget vs. Actual for Second Quarter 2005-06

REVENUES

General Fund

1. Taxes - Alarm Permit Fees (26.82%, <\$22,561>)

Alarm permit fees are beyond the scope of the Police Department and the reason for the variance is unknown.

2. Revenues from Other Agencies (185.72%, \$38,787)

This variance is due to the fact that a base budget was not established because of the uncertainty as to whether the Department would receive any reimbursement from the State of California for mandated training.

Animal Control Fund

3. License, Fees and Permits (21.29%, <\$107,106>)

This variance is due to monthly fluctuations in license renewals and the large number of unlicensed pets owned by residents. License renewal revenues are highest in May and June, with a sharp decline after July. The Animal Control Section is adding a third Animal Control Officer, and has increased its follow-up on expired licenses and unlicensed pets to increase the compliance rate. The result is that revenues are up slightly from the same period last year.

EXPENDITURES

General Fund

Personnel Division

1. Character 60 – Liabilities & Other Insurance (22.5%, \$137,739)

The variance is due to a reduction in the number of claims and settlements during this time period. The Department anticipates an increase in claims prior to year-end.

Technical Services Division

2. Character 45 – Prof. Services/Contracts & Utilities (43.5%, \$31,900)

The variance is due to delayed billing for prisoner services from Los Angeles County.

Patrol Division

3. Character 32 – Salaries & Benefit Reimbursement (62.0%, \$61,798)

The variance is due to increased off-duty employment and more timely billing.

Traffic & Special Events Division

4. Character 30 – Salaries & Employee Benefits (40.3%, \$648,529)

The variance is due to unfilled positions.

5. Character 32 – Salaries & Benefit Reimbursement (27.3%, <\$19,079>)

The variance is due to decreased off-duty employment due to unfilled positions.

Detective Division

6. Character 45 – Prof. Services/Contracts & Utilities (17.8%, \$86,634)

The variance is due to unbilled diversion and drug counseling services.

Communications Division

7. Character 45 – Professional Services/Contracts (21.0%, \$45,761)

The variance is due to unbilled services from the City of Inglewood, and a delay in routine expenditures due to the implementation of the new Public Safety Information System (CAD/RMS).

Animal Control Fund

8. Character 30 - Salaries & Employee Benefits (31.7%, \$46,072)

The variance is due to an unfilled Animal Control Officer position.

9. Character 45 – Prof Services/Contracts & Utilities (10.5%, \$49,562)

The variance is due to unbilled veterinary services and services from Los Angeles County Animal Care and Control.

CITY OF TORRANCE INTER-OFFICE COMMUNICATION

DATE: February 7, 2006
TO: Eric E. Tsao, Finance Director
FROM: James D. Herren, Chief of Police
SUBJECT: Police Department Operational Concerns

The Police Department has identified the following operational concerns:

1. Fees for Services, Los Angeles County Sheriff's Department

The Los Angeles County Board of Supervisors has directed the Sheriff's Department to put systems in place to capture indirect costs for its services. Over the next few years, the Board is likely to phase in a series of new fees for Sheriff's Department services and bill those services to cities.

2. Jail Door Locks

The six outer doors to the jail facility require new locks. The locks have been repaired several times and are too worn to continue in long-term service.

3. Photocopiers

The Department's photocopiers are nearing the end of their service life and will need to be replaced.

4. Animal Relinquishment Fee

The City is charged a fee for animals that are trapped or relinquished in Torrance and brought to the County shelter. The Police Department wants to implement a fee to recover this cost from the people who surrender the animals.

5. Law Enforcement Grants

Grant funding continues to decline. The Department is eligible for \$20,000 from the federal Bureau of Justice Assistance (BJA) for 2006, compared to \$125,000 in 2001. The BJA has announced that this is the final year of the grant. The state COPS grant is \$213,000 this year, down from \$328,000 in 2000. Grant funded programs include the Police Cadets, Victim Assistance, Alternate Dispute Resolution, and the Animal Control Staff Assistant.

FISCAL YEAR: 2005-06

AS OF: 01/07/06

TO: Eric E. Tsao, Finance Director
FROM: Robert J. Beste, Public Works Director
DATE: February 9, 2006
SUBJECT: Explanation of Revenue Variances - Total Budget vs. Actual for Mid-Year FY 2005-2006

General Fund Operations Revenues Cot R01

Character 000006 – Charges for Services (133.86% recognized, \$53,014 variance)

Page 19

Revenues reflect actual billing of shared traffic signal locations with various businesses in the City. Traffic and Lighting provides maintenance of these shared intersections and bills the businesses a flat annual rate for the maintenance. Annual billings for the shared intersections are billed during the first quarter.

Sanitation-Wastewater Revenues Cot R01

Character 000006-Charges for Services (58.31% recognized, \$71,794 variance)

Page 75

Revenues from sewer charges were higher through mid-year. This can be attributed to the seasonality of water usage. Water usage increase through fiscal mid-year is higher than usage after January. Revenues should be within budget by year end.

Sanitation-Refuse Revenues Cot R01

Character 000004 – Use of Money and Property (112.76% recognized, \$18,744 variance)

Page 76

The Sanitation Fund has a positive fund balance, which creates positive interest earnings.

Sanitation-Recycling Revenues Cot R01

Character 000004 – Use of Money and Property (13.55% recognized, \$20,148 variance)

Page 77

The Sanitation Fund recycling sub-fund has a smaller negative fund balance which created lower negative interest earnings.

Sanitation-Waste Management Cot R01

Character 000004 – Use of Money and Property (90.89% recognized, \$14,666 variance)

Page 78

The Waste Management Fund has a positive fund balance, which creates positive interest earnings.

Character 000006 – Charges for Services (44.44% recognized, (\$44,859) variance)

Page 78

The negative variance reflects a decrease in private hauler fees collected through period 7. The private haulers report their fees on a quarterly basis and a majority has yet to report their fees through the 2nd quarter.

WATER FUND REVENUES R01

Character 000004 – Use of Money and Property (60.70% recognized, (\$33,926 variance)

Page 72

The increase in earnings is due to a higher interest rate.

Character 000008 – Miscellaneous Revenues (\$18,885 recognized)

Page 72

This amount represents a reimbursement from West Basin Municipal Water District for a portion of the City's cost to install a recycled water main on Artesia Boulevard.

Character 000011 – Water Revenues (57.42% recognized, \$38,957 variance)

Page 72

This item is 57.42% of the budget due to account 2158 – Late Charge, which has doubled since fiscal year 2003-2004; account 2220 – Water Start Service Fee, which has nearly doubled from fiscal year 2003-2004; and account 2344 – Engineering Overhead and Inspections, which reflects a continued increase in development activity. The budget amount for this account was increased by \$10,000 from the previous fiscal year to closer align the budget to actual revenue realized.

Character 000016 – Wholesale Water Sales (65.06% recognized, \$89,288 variance)

Page 73

This item is 65.06% of the budget due to a continued higher sale of water to California Water Services (CWSC) Rancho Dominguez District. The 2005-2006 budget for this item was increased from \$440,000 to \$700,000. California Water Services Company's Brewer Desalter has been out of service since 2002 and CWSC is taking proportionally more deliveries of Municipal supplies. In addition to their desalter being out service, Torrance Municipal water prices are lower than their wholesale provider's (West Basin Municipal Water District) water prices. California Water Services Company has increased their purchases from Torrance for this reason. Sales to CWSC are expected to continue at the current level until their desalter is restored to active service.

Character 000017 – Residential Low Income Discount (88.95% recognized, \$21,991)

Page 73

This item is 88.95% of the budget due an increase in the number of qualifying applicants that are eligible for the low-income senior and disabled discount. It is recommended that the budget be adjusted to reflect the increase in the number of qualifying applicants.

Character 000018 – Mobil Potable Sales (43.28% recognized, (150,663) variance)

Page 73

This item is 43.28% of the budget because the posting of this revenue source lags by one month. Taking this into account actual revenues align closely to the projection for the first half of FY 2005-06. Potable sales to Mobil as of period 7 are slightly higher from FY 2004-05 to FY 2005-2006.

Character 000019 Recycled Water Sales (46.47% recognized, (109,280) variance)

Page 73

This item is 46.47% of the budget due to a one month lag in posting and recycled water sales to Mobil as of period 7 are slightly lower.

Sewer Fund Revenues Cot R01

Character 000004 – Use of Money & Property (103.64%, \$92,410 variance)

Page 82

The increase in earnings is due to a higher interest rate.

AS OF: 1/07/06

TO: Eric E. Tsao, Finance Director
FROM: Robert J. Beste, Public Works Director
DATE: February 9, 2006
**SUBJECT: Explanation of Expenditure Variances - Total Budget vs. Actual for
Second Quarter FY 2005-2006**

GENERAL FUND OPERATIONS 153P

Direction and Control

Character 32 – Salaries & Benefit Reimbursement (26% expended, (\$107,858) variance)

Page 196

This account is under spent due to an error in the reimbursement of the Public Works Director position. The Public Works Director position that is 70% reimbursable from the water and sewer fund was not reimbursing the general fund. These reimbursement charges will be reclassified to the proper account.

Character 60 – Liability & Other Insurance (39.4% expended, \$84,513 variance)

Page 198

Liability claims under \$50,000 were lower than anticipated through mid-year.

Commercial Street Cleaning

Character 30– Salaries and Employee Benefits (67.8% expended, (\$30,329) variance)

Page 201

This account is overspent due to a Sanitation Supervisor incorrectly charging to Street Cleaning. These charges will be reclassified to the proper account in period 8.

Street Maintenance

Character 30– Salaries and Employee Benefits (43.3% expended, \$109,652 variance)

Page 205

This account is under spent due to 4 vacancies during the first quarter of the year. Three of the vacancies were filled in period 5. There are currently two vacancies in the division.

Character 32 – Salaries & Benefit Reimbursement (22.9% expended, (\$27,097) variance)

Page 205

This item is 22.9% of the budget due to a decrease increase in work performed for other departments through mid-year of fiscal year 05/06.

Character 35 – Materials, Supplies & Maintenance (41.8% expended, \$70,848 variance)

Page 206

This account is under spent through mid-year due to lower fleet hourly labor cost associated with vehicle repairs.

NPDES-Public Works

Character 30 – Salaries and Employee Benefits (0% expended, \$22,907 variance)

Page 207

This budget represents overtime pay for sweeping and other related work associated with National Pollution Discharge Elimination System (NPDES). Most of this work is seasonal (prior to the rainy season) and due to the lack of rain this year overtime funds for NPDES have not been used. It is anticipated that these funds will be used by the end of the fiscal year.

Street Airport Operations

Character 35 – Materials, Supplies & Maintenance (40.1% expended, (\$10,246) variance)

Page 210

This account is under spent due to electrical supplies not being ordered through mid-year. It is anticipated these funds will be expended by year end.

Character 82 – Reimbursements from other funds (37.8% expended, (\$18,222) variance)

Page 211

Material reimbursements reflect actual expenditures during the first 7 periods of 05/06 fiscal year

Paint & Signs

Character 35 – Materials, Supplies & Maintenance (46.2% expended, (\$11,942) variance)

Page 214

This account is under spent due to fewer amount of paint purchased through mid-year. It is anticipated these funds will be expended by year end.

Street Lights & Signals

Character 45 – Professional Services/Contracts (26.9% expended, \$78,115 variance)

Page 218

This account is under spent through mid-year due to fewer professional and contract services agreements and lower electrical charges due to LED signal fixtures. Savings in light and power cost usage will be used to purchase replacement LED modules.

Character 75 – Capital Acquisitions (100% expended, (\$16,824) variance)

Page 218

This account is 100% expended due to the acquisition of traffic control cabinets.

Character 82 – Reimbursements from other funds (42.2 % expended, (\$56,172) variance)

Page 219

This program is fully reimbursed by the Street Light Assessment District. Material reimbursements reflect actual expenditures through mid-year 2005/06.

Streetscape – Landscape

Character 30– Salaries and Employee Benefits (44.4% expended, \$238,758 variance)

Page 221

This account is under spent due to various vacancies (including Streetscape Manager) in the landscape division during the first 7 periods of fiscal year 05/06.

Character 45 – Professional Services/Contracts (66.1% expended, (\$32,324) variance)

Page 223

The cost of water has been higher; this may be due to the addition of the Artesia Blvd. medians, seasonal water usage and the lack of rain we have had this fiscal year. We will monitor this to see if we need to adjust the water budget in the future.

Streetscape - Concrete

Character 30– Salaries and Employee Benefits (47% expended, \$56,507 variance)

Page 225

This account is under spent due to various vacancies in the concrete division during the first 7 periods of fiscal year 05/06

Character 32 – Salaries & Benefit Reimbursement (5.8% expended, (\$147,404) variance)

Page 225

A sidewalk crew is to be reimbursed from the City-wide ramping and grinding bond fund project. The bond funds will be allocated this fiscal year and reimbursement charges will be reclassified at that time.

Character 35 – Materials, Supplies & Maintenance (46.9% expended, \$19,473 variance)

Page 226

This account is under spent due to construction materials expenditures not being fully billed through period 7.

Character 45 – Professional Services/Contracts (38.9% expended, \$15,723 variance)

Page 227

This account is under spent due to dump fees not being posted for the month of December.

Project Design and Administration

Character 30– Salaries and Employee Benefits (44.4% expended, \$98,604 variance)

Page 229

This item is 44.4% of the budget due to an Assistant Engineer vacancy and a Project Manager charging incorrectly. The employee is now charging to the correct program and incorrect charges will be reclassified.

Character 32 – Salaries & Benefit Reimbursement (43.5% expended, \$58,959)

Page 229

This item is 43.5% of the budget due to an Assistant Engineer vacancy and a Project Manager charging incorrectly. The employee is now charging to the correct program and the incorrect charges will be reclassified.

SANITATION- Wastewater 153P

Character 35 – Materials, Supplies & Maintenance (59.4% expended, (\$12,427) variance)

Page 279

This account is over spent due to higher vehicle maintenance cost including fuel through period 7.

Character 45 – Professional Services/Contracts (16.6% expended, \$119,136 variance)

Page 279

This account is under spent through mid-year due to fewer professional/technical services contracts. These contracts are used for emergency repairs on an as needed basis.

SANITATION-REFUSE 153P

Refuse Collection

Character 30– Salaries and Employee Benefits (47.2% expended, \$113,301 variance)

Page 283

This account is under spent due to various vacancies in the refuse division during the first 7 periods of fiscal year 05/06

Character 35 – Materials, Supplies & Maintenance (66.4% expended, (\$174,082) variance)

Page 284

This account is over spent due to higher vehicle maintenance cost including fuel through period 7.

Character 45 – Professional Services/Contracts (33.7% expended, \$374,179 variance)

Page 284

The division has a budget set up for dump fees. The expended amount through period 7 only represents 4 months worth of dump fees. The months of November and December and have not been posted, thus the expenditures are shown as being under spent.

Character 60 – Liability & Other Insurance (33.1% expended, \$28,265 variance)

Page 285

This account is under spent through mid-year due to not having any liability for loss allocation claims under \$50,000.

Character 65 – Interdepartmental Charge (42.5% expended, \$49,160 variance)

Page 286

This item is 42.5% of budget due to a reduction in the Indirect Cost Allocation charges from the City due to vacancies in Refuse Collection.

Character 82 – Reimbursements from Other (0.0% expended, (\$22,489) variance)

Page 286

This account is under spent through mid-year due to an error in billing. The account charged was incorrect. The reimbursement error will be reclassified into the proper account in period 8.

RESIDENTIAL STREET CLEANING

Character 30– Salaries and Employee Benefits (60.6% expended, (\$26,605) variance)

Page 288

This account is overspent due to a Sanitation Supervisor incorrectly charging to Street Cleaning. These charges will be reclassified to the proper account in period 8.

NPDES-SANITATION 153P

Character 30– Salaries and Employee Benefits (0% expended, \$14,853 variance)

Page 289

This budget represents overtime pay for sanitation work associated with National Pollution Discharge Elimination System (NPDES). Most of this work is seasonal (rainy season) and due to the lack of rain this year overtime has not been used through mid-year.

SANITATION-RECYCLING 153P

Recycling

Character 30– Salaries and Employee Benefits (46.2% expended, \$46,872 variance)

Page 291

This account is under spent due to vacancies the recycling program had through mid-year. All vacancies have been filled.

Character 45 – Professional Services/Contracts & Util (16.9% expended, \$18,337 variance)

Page 292

This account is used for professional or contract services, during the first half of the fiscal year 05/06 only a small amount of services were contracted. It is anticipated the funds will be used by year end.

SANITATION-WASTEMGMT 153P

Waste Management – AB939

Character 30– Salaries and Employee Benefits (43.7% expended, \$10,399 variance)

Page 295

This account is under spent due to the budgeted amount for charges from other department labor being less than the budgeted amount for recurring seasonal employees.

Character 35 – Materials, Supplies & Maintenance (13.6% expended, \$18,002 variance)

Page 296

This account is under spent due to a decrease in the purchase of supplies used for the Waste Management school education recycling program.

Character 45 – Professional Services/Contracts (73.3% expended, (\$18,080) variance)

Page 296

This account is over spent through mid-year due to a number of professional/technical services contracts initiated during this first half of the year. These services/contracts are used for graphics and printing of recycling materials.

Character 60 – Liabilities & Other Insurance (80% expended, (\$20,747) variance)

Page 296

Comprehensive Environmental Response Compensation & Liability Act (CERCLA) insurance is paid during the first quarter.

WATER FUND 153P

Water Supply

Character 45 - Professional Services/Contracts (100% expended, (\$16,692) variance)

Page 257

This item is 100% of the budget due to account 4700 – Professional/Technical Services. The invoices for the State Watermaster service fees and West Basin Water Association fees are billed to this account on an annual basis.

Character 46 - Water Supply Costs (58.2% expended, (\$707,435) variance)

Page 258

This item is 58.2% of the budget due to Exxon Mobil's pass through (\$284,487) to West Basin being credited to this account in December.

Water Operations

Character 30 – Salaries & Employee Benefits (41.7% expended, \$332,599 variance)

Page 260

This item is 41.7% of the budget due to two Water Service Technician III vacancies; the under fill of three Water Service Technician I positions with three semi-skilled laborers in the Water Operations Division; and fewer charges to overtime.

Character 35 – Materials Supply and Maintenance (65.5% expended, (\$74,611) variance)

Page 262

This item is 65.5% of the budget due to older vehicles needing frequent repair and the budgeted amounts for the accounts related to vehicle fueling, repair, and maintenance being underestimated. Also, there is an increase in the purchase of pipe and water system materials. Recent hiring of employees to this program has increased the amount of maintenance work being performed and material used.

Character 40 – Parts & Fuel Inventory Purchases (22.8% expended, \$95,920 variance)

Page 262

This is an asset account established to account for warehouse purchases to stock inventory. An Asset Contra Account – Character 42, offsets this account and Characters 40 and 42 are in balance.

Character 42 – Parts/Fuel/Lubricants Contra (22.8% expended, (\$95,920) variance)

Page 262

This item offsets asset account Character 40 – Parts & Fuel Inventory to ensure there is no increase or decrease in the budget. Character 40 and Character 42 are in balance.

Character 45 – Professional Services/Contracts (27.1% expended, \$125,544)

Page 263

This item is 27.1% of the budget due to account 4700 – Professional/Technical Services and account 4712 – Special or Contract Services. The account is under spent due to delays in promulgation of Federal State regulations (water quality testing and analysis). Expenditures for account 4700 are not expected to align at year end. Account 4712 is expected to align at year end.

Character 81 – Asset Contra Account (26.3% expended, (\$22,853) variance)

Page 264

This item offsets asset account Character 75 – Capital Acquisitions (account 7402) to ensure there is no increase or decrease in the budget. Character 75 and Character 81 are in balance.

Water Resources

Character 32 – Salaries & Benefit Reimbursements (83.4% expended, \$74,351 variance)

Page 266

This item is 83.4% of the budget due to two Water Operations Water Service Supervisors charging to Water Resources. These charges are being reclassified in period 8 and the employees are now charging to the correct program.

Water Administration

Character 30 – Salaries & Employees Benefits (24.6% expended, \$200,580 variance)

Page 269

This item is 24.6% of budget due to a Secretary charging incorrectly (the charges are being reclassified and the Secretary is now charging to the correct program); an Assistant Engineer vacancy in Project Design & Administration (normally charges to account 3006 – Charges from Other Department Labor); low charges to account 3104 – Overtime and account 3533 – Workers Compensation Up to 4 Years.

Character 35 – Materials Supply & Maintenance (45.7% expended, \$25,412)

Page 271

This item is 45.7% of budget due to accounts 3702 – Office Supplies, 3704 – Postage, 3769 – Water Conservation Materials/Supplies being under spent.

Character 41 – MWD Ultra Low Flow Rebate (0.6% expended, \$111,129 variance)

Page 271

This item is 0.6% of budget because the posting of to this item will occur in period 8.

Character 45 – Professional Services/Contracts & Utilities (6.1% expended, \$20,254 variance)

Page 271

This item is 6.1% of the budget because certain service contracts for professional services will not be initiated this year.

Character 50 – Travel, Training & Membership (14.3% expended, \$14,355 variance)

Page 272

This item is 14.3% of the budget due to low activity during the first half of the fiscal year.

Character 60 Liabilities & Other Insurance (29.2% expended, \$21,270)

Page 272

This item is 29.2% of the budget due to fewer incidences of claims.

Character 81 – Asset Contra Account (0.2% expended, (\$113,492) variance)

Page 273

This item offsets asset accounts in Character 41 – MWD Ultra Low Flow Rebate and Character 75 – Capital Acquisition to ensure there is no increase and decrease in the budget. Characters 41 and 81 are not in balance and this will be corrected in the third quarter.

Financial Obligations

Character 65 – Interdepartmental Charges (39.4% expended, \$92,420 variance)

Page 274

This item is 39.4% of budget due to reduction in the Indirect Cost Allocation charges from the City due to vacancies in Water Operations and Water Resources.

Character 70 – Debt Service (14.4% expended, \$242,163 variance)

Page 274

This item is 14.4% of budget because the semi-annual bond interest payment will not be posted until May 2006.

Character 71 Loan Contra Expenditures (0.0% expended, (\$232,735) variance)

Page 274

This item offsets the Bond Principal payment incorporated under Character 70 – Debt Service. Character 70 and Character 71 are in balance.

Sewer Fund CY04153P

Sewer Operations

Character 30 – Salaries & Employees Benefits (38.1% expended, \$138,192 variance)

Page 313

This item is 38.1% of the budget due to account 3002 – Salaries - Regular Employees – Miscellaneous, an Associate Engineer vacancy; and account 3006 – Charges from Other Department-Labor, the Operations Manager vacancy.

Character 32 Salaries & Benefit Reimbursements (44.1% expended, (\$31,284) variance)

Page 314

This item is 44.1% of the budget due to account 3002 – Salaries-Regular Employees – Miscellaneous, an Associate Engineer vacancy.

Character 35 – Materials Supplies and Maintenance (9.9% expended, (\$11,575) variance)

Page 314

This item is 9.9% of the budget due to the accounts being under spent. The funds in this account are being evaluated.

Character 65 – Interdepartmental Charges (39.0% expended, \$20,018 variance)

Page 315

This item is 39.0% of the budget due to reduction in Indirect Cost Allocation charges. The reduction in Indirect Cost Allocation charges is due to the Associate Engineer and Operations Manager vacancy.

TO: Eric E. Tsao, Finance Director

FROM: Robert J. Beste, Public Works Director

DATE: February 9, 2006

SUBJECT: Organizational Concerns

The following is a list of Public Works Department organizational concerns:

Emergency Stand-By

- To provide quicker response to emergency call-outs during off working hours, it is recommended that a policy and procedure for an emergency stand-by system be instituted. This would utilize dedicated stand-by personnel to be contacted during off working hours in lieu of the current practice of going through a call-out list. The current call-out list system is a drawn-out, cumbersome process that does not necessarily guarantee an individual to provide emergency response and has also resulted in intermittent grievances for violations of the memorandum of understanding regarding call-out.

Airport

- Illegal dumping at the airport near the hangars is increasing and needs to be addressed. People are dumping hazardous waste, large items and construction materials on a regular basis. This is resulting in increased operational costs for incurred dump fees and hazardous waste disposal, in addition to the danger of the wind-swept litter and debris generating hazardous conditions to aircraft operations. (See attached photos)
- With the retirement of the farmer at the airport, all the additional acreage that was cultivated will need to be maintained. If airport maintenance crews are to maintain the additional acreage, a replacement tractor mower for maintaining the farm land will be needed. The current tractor is approximately 20 years old and continuously experiences mechanical breakdowns.
- A pavement management study of the airport operational hardscape areas is being conducted. This includes runways, taxi lanes and apron areas. Results of the study may recommend pavement repair and/or overlay of the airport pavement.

Traffic & Lighting

- The paint and signs division currently has a cone trailer that is nearing 40 years of service. This trailer carries traffic cones utilized during street striping and lane delineation and is towed behind a truck with an individual sitting in a bucket seat attached to the trailer. This individual leans out of the trailer to on the trailer to set up or pick up cones as the operation is moving through traffic. This type of operation is out-of date and does not afford adequate protection to the individual working on the trailer. Two injury accidents have occurred on this equipment. Cone trailers are being replaced with cone trucks. These trucks are ergonomically better and offer greater protection to individual working the vehicle.

Sanitation

- NPDES requirements have pulled 30% of sanitary sewer maintenance resources from maintenance of sewer lines. Crews are now being used for NPDES mandates rather than sewer maintenance programs 30% of the time. We will need to add personnel in the near future in order to keep up with our sewer maintenance programs.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

TO: Budget Review Team

FROM: Kim Turner, Transit Director

DATE: February 7, 2006

SUBJECT: Explanation of Mid-Year Variances - Total Budget vs. Actual
Recognized For FY 2005-06

REVENUES

FUND 6201 TRANSIT OPERATIONS

Character 000010 Transit Revenues (40.84% and -\$1,359,653) – R01, pp. 70-71

The sub-objects in this character represent revenues received from various sources. The variance reflects revenues which have not been posted or received in the following sub-objects:

Sub-Object	Status
1915 – MTA Token Reimbursements	Transit predicts revenue for the year to be below budget by \$50,000 as discussed during the 1 st Quarter Review. Metro attributes the decrease in token use to the success of their Day Pass.
2002 – Advertising On Shelters	Revenues are received and posted quarterly and are anticipated to be on track.
2017 – Capital Maintenance Revenues	Transit is awaiting approval of its FY 2006 FTA Capital Grant Application expected during the 3 rd quarter.
2102 – From Other Cities – DAL	Transit predicts revenues for the year will be below budget by \$67,500 as the city of Redondo Beach no longer participates in the program as of October 31, 2005 as discussed during the 1 st Quarter Review.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

TO: Budget Review Team

FROM: Kim Turner, Transit Director

DATE: February 7, 2006

**SUBJECT: Explanation of Mid-Year Variances - Total Budget vs. Actual
Recognized For FY 2005-06**

EXPENDITURES

TRANSIT ADMINISTRATION - 9410000000

Character 45, Professional Services/Contracts & Utilization (37.3% and \$61,422) – 153D, p. 242

This variance reflects contracts or services yet to be awarded or invoiced in sub-object 4712, Special or Contract Services-Other. These contracts and services include the operating costs of Beach Cities Transit Line 104 (formerly Torrance Transit System Route 4), NPDES trash receptacle maintenance provided by Graffiti Protective Coatings, a line-by-line analysis (currently underway), and a Bus Buddies program to promote transit use by Torrance's seniors.

Character 60, Liabilities & Other Insurance (44.1% and \$28,012) – 153D, pp.243-244

The variance reflects less than budgeted Liability Claims < \$50,000, sub-object 5513 offset by settlements expensed to other settlement accounts without budgets. Transit will work with Risk Management and Finance to determine the proper accounts for these liability expenses.

Character 75 Capital Acquisitions (5.0% and \$2,949,364) – 153D, pp. 244-245

The variance reflects a number of capital purchases anticipated and/or in process of ordering or procurement for this year. This character is funded by Transit's allocation of Section 5307 Urbanized Area Formula capital funds, a program which is administered by the Federal Transit Administration. These purchases include new fareboxes as part the Los Angeles County Universal Fare System Transit Access Pass program (\$1,316,000), bus transit computer-aided dispatch radio and automatic vehicle locator systems (\$1,782,000), and bus refurbishment (\$1,482,000).

Character 81 Asset Contra Account (5.0% and -\$2,949,562) – 153D, p. 245

Character 81 is a balance sheet type expenditure used to offset expenditures from Character 75 which results in no increase/decrease in the department's budget.

MAINTENANCE OPERATIONS - 9420000000

Character 45, Professional Services/Contracts & Utilization (40.5% and \$20,078) – 153D, p. 250

This variance reflects services not yet invoiced or performed in sub-object 4712, Special or Contract Services-Other. These services include bus cleaning, and reserves for bus towing and accident repair.

OPERATION MANAGEMENT/DISPATCH - 9430000000

Character 30, Salaries & Employee Benefits (47.2% and \$441,475) – 153D, pp. 252-254

The variance is mainly the result of under-utilization in sub-object 3002 (p.252), Salaries-Reg Employees-Misc, due to full-time operator vacancies offset by over-utilization of overtime (sub-object 3104, p. 253) to cover these vacancies. At this time, Transit has six full-time bus operator vacancies, one transit supervisor vacancy, and relief bus operator vacancies. Transit will work with Personnel to establish a new eligibility list for full-time operators to fill the vacancies.

Character 35, Materials, Supplies & Maintenance (68.3% and -\$176,275) – 153D, p. 255

The variance is the result of higher than projected vehicle fuel (sub-object 4304) costs and unbudgeted lubricant expenses (sub-object 4307). Transit will work with Finance to include this sub-object's budget for FY 2006-07. At this time, Transit anticipates that we will exceed our fuel budget by \$250,000. However, recent elections and inflammatory rhetoric in the Middle East may cause fuel prices to again increase. Transit will continue pursuing methods to reduce our usage and working with Fleet Services to develop a fuel path for future City vehicle purchases.

Character 45, Professional Services/Contracts & Utilization (40.8% and \$20,701) – 153D, p. 256

The variance reflects unprocessed invoices for transit security in sub-object 4712, Special or Contract Svcs-Other. With the inclusion of these invoices, this character would track budget.

DIAL-A-LIFT ADMINISTRATION - 9440000000

Character 45, Professional Services/Contracts & Utilization (26.1% and \$322,982) – 153D, p. 257

The variance reflects audited but unprocessed or not yet received invoices for taxi service in sub-object 4712, Special or Contract Svcs-Other. Transit expects this character to be approximately \$200,000 under budget for the year based on the program modifications adopted by Council on May 24, 2005, and the city of Redondo

Beach's discontinued participation in the Dial-A-Taxi program as of October 31, 2005 (expenses estimated to be \$60,125).

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

TO: Budget Review Team

FROM: Kim Turner, Transit Director

DATE: February 7, 2006

SUBJECT: FY 2005-06 Transit Department Operational Concerns

The Transit Department has two long term operational funding concerns: fuel and workers compensation.

Transit reported in our follow-up memo to the 1st Quarter Budget Review Team meeting that we anticipated exceeding our fuel budget by approximately \$370,000. This forecast was based on year-to-date fuel usage and the Department of Energy's Short Term Energy Outlook, released November 8, 2005. Since that meeting, Transit has worked with Finance to shift over-allocated line item resources to the fuel budget without increasing Transit's operating budget bottom-line, and actual fuel prices have been below forecast prices. At this time, Transit anticipates that we will exceed our fuel budget by only \$250,000. However, recent elections and inflammatory rhetoric in the Middle East may cause fuel prices to again increase. Transit will continue pursuing methods to reduce our usage and working with Fleet Services to develop a fuel path for future City vehicle purchases.

Although currently under budget, Transit's overall workers compensation expenses are estimated to be almost \$1,000,000, or five percent of the operating budget, for this fiscal year. Transit attributes its expense reductions to actively supporting the City's early return to work program and an increased effort to promote safe working practices. While Transit hopes our early successes continue, we are still concerned with the long term outlook for containing workers compensations costs.

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February 27, 2006

COMMITTEE MEETING
March 7, 2006

Honorable Chair and Members
of the Finance & Governmental Operations Committee
City Hall
Torrance, California

The Treasurer's Office and the Investment Advisory Committee have set out to develop and implement investment procedures that insure the City's investment objectives of a high degree of asset safety, an adequate liquidity to meet operating and capital expenditure needs and a reasonable return of the City's investment assets given the City's foremost goals of safety and liquidity.

Investment Summary

As of December 31, 2005 total investments of \$232.7 million consisted of the following categories:

1) Pooled Funds (Investment Portfolio)	\$108.2 million
2) Restricted Funds:	
a. Debt issue proceeds	\$ 19.4 million
b. Deferred Compensation	
1) 457	\$ 99.9 million
2) 401(a)	\$ 3.0 million
c. Retirement Health Savings Plan	\$ 2.2 million

The pooled Funds consist of surplus funds invested and managed directly by the City Treasurer. To date the fund has generated year-to-date interest earnings of \$1.8million and the effective rate of return equaled 3.17 %.

The restricted funds, made up of the Debt issue proceeds, Deferred Compensation funds and the Retirement Health Savings Plan are invested accordingly:

- 1) Debt issue proceeds are invested through a trustee appointed under the Debt Trust Indenture. The funds are invested at the direction of the City Treasurer.
- 2) Deferred Compensation fund is managed by a third party administrator - Great West Life. Investment options made available to the participants are selected and approved by the Deferred Compensation Committee. The fund is a self-

directed program. Participants have the ability to direct their contributions among several different investment options.

- 3) The Retirement Health Savings Plan is managed by a third party administrator – ICMA Retirement. Investment Options are made available to the participants and are selected by ICMA Retirement. Participants can direct their contributions among several different investment options. This tax-deferred program has been offered to employees for the purpose of saving dollars to supplement the cost of health expenses upon retirement.

NOTE: The Deferred Compensation Plans and the Retirement Health Savings Plan are held in Trust for the benefit of the Participant or their Beneficiaries and are not an asset of the City of Torrance.

Investment Forecast

The Federal Reserve Board has continued to raise rates by 25 basis points (bps) each meeting over the last year. The current Fed Fund Rate is 4.50% and future rate hikes are on the horizon. What does this mean to rates across the short and intermediate curve? Usually you would expect to see a wider spread on the short in the curve and tapering off as it moves out further. However, the curve has been flat with an inverted curve around 3 years out. The FOMC will meet again in March and it is expected that continued tightening will be the agenda.

GASB 31 Impact on Investments

GASB 31 took effect June 1997. The intent of GASB 31 is to bring to light potential liquidity problems by requiring municipalities to mark to market their securities with a maturity greater than one year. This paper gain or loss must be booked against investment earnings at year-end.

One way to avoid the gain/loss issue is to limit all purchases to maturities of less than one year. This condition would then preclude a market valuation and allow investments to be carried on a book value basis. This situation could reduce earnings potential in the loss of yield that a security with a longer term would usually offer.

Within our investment policy we adhere to a buy and hold philosophy. Therefore, our current strategy will not change in light of GASB 31. We will continue to place a percentage of the portfolio out longer on the yield curve to take advantage of higher earnings. At the same time we keep in excess of 35% of the portfolio liquid in order to meet current and future obligations.

At the present time the monthly investment report tracks all securities by listing the face value, book value and market value. The portfolio paper gain or loss is the difference

between book and market value. The unrealized gain/loss is noted monthly even though it is not physically applied to earnings until year-end.

Investment Strategy

For the past three months, there has been very little activity. The Portfolio continued to decline over the last quarter by \$7.6 million. During this time of the year, the City's expenses are greater than the revenue received.

Beginning in January, the City will begin to receive the seasonal revenue sources and the portfolio will begin to increase. Strategically, we will begin to place money out in the market. However, because of the inverted yield curve, any purchases will remain within 2 years. Interest rates have risen over last year and the portfolio will begin to pick up a higher interest rate return on the investments.

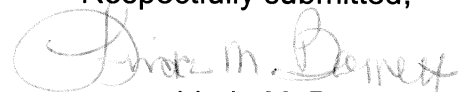
Cash Flow will play an important variable when making investment decisions. During down times it is not unusual to see an average negative monthly cash flow of \$3 million, therefore, it will be our goal to assure adequate coverage during the months of June through December of 2006.

To be consistent with the City's objectives of high degree of Asset safety, all investments will be invested in high quality rated instruments or those guaranteed by the "full faith and credit" of the government.

Recommendation

Accept and file the 2nd Quarter Report.

Respectfully submitted,



Linda M. Barnett
City Treasurer

CONCUR:



LeRoy J. Jackson
Investment Committee Member

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